



---

# ***Daily Report***

## **China**

FBIS-CHI-88-115  
Wednesday  
15 June 1988

# Daily Report

## China

FBIS-CHI-88-115

### CONTENTS

15 June 1988

#### INTERNATIONAL AFFAIRS

##### General

Beijing Hosts Disarmament Conference .....	1
Wang Meng Speaks at Publishers' Meeting .....	2
International Settlements Bank Meeting Held .....	2
UN Launches Assistance To Afghanistan .....	2
UN Official Criticizes Reportage on Afghanistan .....	3

##### United States & Canada

Bank of China Rejects U.S. Credit Rating .....	3
FAA Grants Shanghai Aircraft Firm Certificate .....	4
Zhejiang To Expand Cooperation With U.S. ....	4
XINHUA Interviews U.S. Economist .....	4
U.S. Promises Continued Aid to Afghan Refugees .....	5
Canadian Military Delegation Visits Jiangsu .....	5
Meets Jiangsu Military Commander .....	5
Visits Infantry Division .....	5
Comparison of Student Criticism of VOA .....	6

##### Soviet Union

TA KUNG PAO on Sino-Soviet Talks [Hong Kong 15 Jun] .....	6
Xinjiang-Soviet Border Trade To Increase .....	7
Radio, Film, Television Delegation in Moscow .....	7
Moscow Cautions Pakistan Over Afghanistan .....	8

##### Northeast Asia

Tianjin Secretary Tours Pyongyang, Nampo .....	8
Japanese Envoy at Jilin Water Works Completion .....	9
He Zhukang Hosts Banquet .....	9
Suspects Arrested for Consulate Shooting in Japan .....	9
NPC's Wang Hanbin Meets Japanese Delegation .....	10
CPC Delegation Led by Zhu Liang Visits Japan .....	10
SHIJIE ZHISHI Discusses Japanese Investment [16 May] .....	10
Correction to Zhu Xuefang Meets Japanese Dietmen .....	11

##### Southeast Asia & Pacific

Australia Provides Aid for Fujian Flood Victims .....	11
Yang Shangkun Receives New Lao Ambassador .....	11
LIAOWANG on SRV Pullout From Cambodia [OVERSEAS EDITION 6 Jun] .....	12

##### Near East & South Asia

Li Ximing Continues Syrian Visit, Signs Accord .....	13
Meets President al-Asad .....	13
Liao Hansheng Meets With Pakistani Ambassador [Islamabad Overseas] .....	13
Muslim Pilgrims Leave Xinjiang for Mecca .....	13
RENMIN RIBAO 'Commentary' on Arab Summit [12 Jun] .....	14
XINHUA Visits 'Captured' Afghan Garrisons .....	14

XINHUA 'Feature' on Afghan Camp Life .....	16
Senior Kabul Official Joins Resistance Forces .....	17
Afghan Resistance Leaders Meet on Government .....	17
Afghan Civilians Fearing Fighting Flee Jalalabad .....	17

### West Europe

Ambassador Yu Lixuan Received by Finland's Ahde .....	17
West Germany's CDU Opposes Nuclear-Free Europe .....	18
British Labour Party Split Over Nuclear Dispute .....	18
Pugwash Workshop Lauds USSR on Arms Control .....	19
'News Analysis' on Challenges Facing West Europe .....	19

### East Europe

Poland To Provide Equipment for 'Spark Plan' .....	20
CPPCC's Zhou Meets Hungarian Newspaper Editor .....	20
Broadcasting Agreement Signed With CSSR .....	20
Albania Limits Cadres' Terms to 5 Years .....	20

### Latin America & Caribbean

Wu Xueqian Meets WHO Regional Director .....	20
Brazilian Army Minister Begins Visits .....	21
Dines With PLA's Xu Xin .....	21
Meets With Qin Jiwei .....	21
NPC's Xi Zhongxun Meets Brazilian Delegation .....	21
Zhejiang Governor Entertains Ecuadoran Bankers ZHEJIANG RIBAO 7 Jun .....	21
Panamanian Freighter Auctioned in Qingdao .....	21
Trinidadian Women's Group Meets Tian Jiyun .....	22

### NATIONAL AFFAIRS

Bank Chief Says Devaluation 'Under Study' [AFP] .....	23
New State Planning Commission Inaugurated .....	23
Yao Yilin on Commission Tasks .....	23
RENMIN RIBAO Editorial Notes 40th Anniversary [15 Jun] .....	23
Zhao Praises Daily .....	25
State Leaders Send Congratulations .....	25
Security Spokesmen Denies Students Arrested .....	26
Remarks of Deng Xiaoping, Zhao Ziyang Studied [Hong Kong WEN WEI PO 14 Jun] .....	26
Commentator Views Materialist Ideological Line [LILUN YUEKAN 25 May] .....	29
'Class Struggle as Key Link' Rejected [SHIJIE JINGJI DAOBAO 23 May] .....	30
Buddhism Institute Holds First Graduation .....	33
Wan Li, Other Leaders Attend .....	33
Panchen Lama Urges Buddhism Study .....	33
First PLA Airborne 'Fist Platoon' Trained [CHINA DAILY 15 Jun] .....	34
Defense Education in Schools To Increase .....	34
Serious Employment Situation Examined .....	34
Survey Highlights Graduates' Job Problems [CHINA DAILY 15 Jun] .....	35
Taxation of Foreigners Analyzed [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST)] ..	36
Rural Industrial Exports Increase Rapidly in 1988 .....	38
Theoreticians on Private Business, Socialism .....	38
Countryside To Increase Grain Production [RENMIN RIBAO 14 Jun] .....	39
Agriculture Minister on Improving Field Yield .....	39
Domestic Substitutes Decrease Reliance on Imports .....	40
Open Policy Allows More Marriages to Foreigners [CHINA DAILY 13 Jun] .....	40
Central Radio To Increase Coverage of News, Issues .....	40
More Efforts Needed to Reduce Air Pollution .....	41
HONGQI No 12 Table of Contents Published [RENMIN RIBAO 15 Jun] .....	41

## REGIONAL AFFAIRS

### East Region

S. Korea's Daewoo Opens Joint Venture in Fujian [Seoul THE KOREA TIMES 14 Jun]	42
Shanghai Mayor on Environmental Sanitation	42
Shanghai Mayor at Metal Production Meeting	43

### Central-South Region

Guangzhou Hotel Repays Hong Kong Investor	43
Guangdong City Improves Investment Environment	43
Shenzhen's Housing Rents To Increase Next Year	43
Wuhan Helps Hainan Build Iron, Steel Base	43

### Southwest Region

Guizhou Secretary on Leadership Structure	44
Guizhou Region Sets Up Preferential Policies	44
Sichuan Strives To Attract Foreign Investment	44
Academician Urges Tibet To Seek International Aid	45
Tibet Makes 'Dramatic Turnabout' in Education	45
XINHUA Profiles Panchen Lama, Family	46

### North Region

Shareholder System Invigorates Beijing Bus Firm	46
Hebei's Xing Chongzhi Attends Military Conference [HEBEI RIBAO 31 May]	47
Tianjin Foreign Investment Center Shows Worth	47

### Northeast Region

Heilongjiang's Sun Speaks on Economic Work [HEILONGJIANG RIBAO 27 May]	47
Heilongjiang Holds Science, Technology Conference	52
Heilongjiang Sets Up Technology Development Zone	53

### Northwest Region

Xinjiang's Tomur Dawamat Urges Family Planning	53
--	----

## PRC MEDIA ON TAIWAN AFFAIRS

'Sharp Decline' in Trade Surplus Viewed	54
Kuomintang Reorganizes Standing Committee	54

## TAIWAN

Concern Shown Over U.S. Arms Sales to Mainland	55
President Li Receives U.S., Saint Lucia Visitors	55
Agreement With U.S. on Ads for Imported Cigarettes	55
Mainland Extends Invitation To ADB Meeting [AFP]	56
Experts Hold Daya Bay Advisory Posts [Hong Kong SOUTH CHINA MORNING POST 15 Jun]	56
Premier Yu Reaffirms Anticommunist Policy	57
Limited Nature of Mainland Contacts Stressed	57
Scholar Reviews Military Rivalry With Mainland	58
East Europe Trade Expected To Rise 80 Percent	58
Swaziland Foreign Minister Decorated	58
Executive Yuan Ministries To Increase	58



**HONG KONG & MACAO**

**Hong Kong**

Joint Liaison Group To Open Offices in July [XINHUA] ..... 60

**Macao**

Director Ji Pengfei Winds Up Official Visit ..... 60  
On Drafting Basic Law [XINHUA] ..... 60  
Departs for Zhuhai [XINHUA] ..... 60

## General

### Beijing Hosts Disarmament Conference *OW1406125688 Beijing XINHUA in English* 1013 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA)—Today 60 scholars and experts expressed satisfaction with the progress made in disarmament and the relaxation of regional conflicts in recent years, but still showed concern over the continuing arms race between the United States and Soviet Union.

At today's conference, participants from all walks of life in China's capital urged the two superpowers to take the lead in the large-scale reduction of nuclear and conventional weapons and to stop the arms race in any form.

The conference, co-sponsored by the Chinese People's Association for Peace and Disarmament and the United Nations Association of China, convened while the third special session of the United Nations General Assembly on disarmament is being held in New York.

Participants hope the UN special session would contribute to world peace and disarmament.

Zhou Peiyuan, vice-chairman of the national committee of the Chinese People's Political Consultative Conference and president of the Chinese People's Association for Peace and Disarmament, spoke at today's meeting.

According to Zhou, the intermediate nuclear forces treaty, the start of withdrawal of Soviet troops from Afghanistan, and the recent U.S.-Soviet summit are all steps in the right direction.

The world's people, Zhou went on, hope meetings between the United States and the Soviet Union will continue, and also worry that the arms race between these two countries is far from ending.

The treaty only covers intermediate-range missiles while the two superpowers are striving to deploy other missiles on a large scale, Zhou pointed out.

In addition, Zhou went on, the two countries are negotiating for a 50 percent reduction of their strategic nuclear weapons, but are also refining their nuclear arms systems and quickening their pace in looking for hi-tech space and conventional weapons.

"This new trend in the arms race has aroused serious concern from the world's people," Zhou added.

Zhou, who is a well-known scientist and has long been engaged in the peace cause, stressed the peaceful utilization of new scientific inventions for mankind, but not for military purposes.

He said the opening of the third session has aroused growing concern from the international community for disarmament, which is connected with world peace and human security.

He hoped the current session will urge the two superpowers to shoulder their special responsibility in the field of disarmament and to sincerely carry out their duty.

Chai Zemin, vice-president of the Chinese People's Institute of Foreign Affairs, said that at present it is "not realistic" to propose the quick implementation of overall and thorough nuclear disarmament.

According to Chai, as the first step for nuclear disarmament, the use of nuclear weapons must be banned and stockpiles gradually be cut.

Certainly, he said, a ban is not enough, because if the number of weapons is not reduced or completely eliminated, it will be very difficult to ban their use, he added.

Chai hopes the intermediate nuclear forces treaty should be sincerely carried out and reductions should cover other strategic nuclear weapons and weapons of other types.

He stressed, once both the nuclear and conventional disarmament are carried out, world security can be ensured.

Chai also said, the world's people are not satisfied that the final documents of the first special session in 1978 failed to be implemented and the second session in 1982 reached no agreement because of the two superpowers' lack of sincerity.

Chai hopes the current session will live up to the expectations of the world's people and further efforts for disarmament will be made.

Peng Di, member of the secretariat of the All-China Journalists Association and an expert on international issues believes now the world is at a crossroad, with one path leading to arms expansion for war and escalation of regional conflicts, and the other to an end to the arms race and relaxation of regional conflicts.

He said the U.S.-Soviet arms race not only constitutes a threat to world peace, but is harmful to the interests of both the Soviet Union and the United States.

Peng said everyone should take this opportunity to make the world more peaceful and secure.

Shi Guangnan, vice-chairman of All-China Youth Federation, Du Xiangwan, a researcher on international technology and economy, Hu Hongfan, vice-president of the Chinese People's Association for Friendship with Foreign Countries, Zhuang Qibing, a researcher on

international issues, and Herbert Behrstock, deputy resident representative of UN Development Program in Beijing all spoke at today's meeting.

Lei Jieqiong, vice-chairwoman of the Standing Committee of the Chinese National People's Congress also attended the conference which was presided over by Bi Jilong, president of the United Nations Association of China.

To end the meeting, 17 local students sang a song entitled "Best Wishes" to express their hopes of peace for the younger generation.

**Wang Meng Speaks at Publishers' Meeting**  
*OW1406113288 Beijing XINHUA in English*  
1748 GMT 13 Jun 88

[Text] London, June 13 (XINHUA)—Publishing experts, writers and leading figures from the literary world gather in London today for week-long discussions on the urgent need for more books for economic development and education.

Hundreds of delegates from over 50 countries have been attracted to the 23rd Congress of the International Publishers Association (IPA) which will take "book hunger" faced by the present world as its principal theme.

Delegates will also confer on issues such as international cooperation for the development of publishing industries in developing countries, international and national copyright systems and production and distribution of books.

Suzanne Mubarak, wife of the Egyptian president, one of the speakers to the congress, called in her key-note speech at the opening session for an urgent need of collaboration between the international publishing companies and those in the developing world to make serious educational and cultural publications accessible to citizens in the Third World countries.

She pointed out the developing countries are seriously short of educational books. An agreement between the international publishers and the publishing companies in the developing countries could possibly provide a solution, she said.

Chinese Minister of Culture Wang Meng, another key-note speaker to the congress, told the audience that the Chinese people are keeping a close look at the outside world while absorbing new ideas from the thoughts and culture of the other countries.

"It is hard to imagine an international book world without Chinese books in the years to come," he said.

China now publishes 60,000 titles of books annually. In addition, China also imports each year over 100,000 titles in over a million copies of foreign books, some of these then get translated and printed in tens of thousands and even millions of copies, Wang Meng said.

Professor Federico Mayor, director general of UNESCO, the United Nations Educational, Scientific and Cultural Organization, said on the occasion that there are still growing numbers of people who could not afford to get books to read, particularly in the developing countries, though books published have doubled in the past 30 years.

"Now, more than ever, we must give an increasing number of men, women and children, particularly those in the developing world, the chance to read, write and publish," he said.

**International Settlements Bank Meeting Held**  
*OW1406143788 Beijing XINHUA in English*  
0601 GMT 14 Jun 88

[Text] Geneva, June 13 (XINHUA)—The Bank for International Settlements (BIS) held its 58th annual meeting from June 11 to 13 in Basle, Switzerland.

Present at the meeting were more than 300 representatives from the central banks of BIS member countries, international monetary organizations, and world economic organizations.

At the meeting, Wim Duisenberg, president of the BIS, made a work report and the representatives discussed the present international economic and financial situation and the monetary policies.

Bis is a Basle-based international monetary organization which aims at promoting cooperation among central banks and providing additional facilities for international financial actions. China opened its business with the BIS in 1985.

**UN Launches Assistance To Afghanistan**  
*OW1106005888 Beijing XINHUA in English*  
2345 GMT 10 Jun 88

[Text] United Nations, June 10 (XINHUA)—Secretary-General Javier Perez de Cuellar today launched the United Nations' programs on humanitarian and economic assistance to Afghanistan following the Geneva accords signed last April.

In a statement read at a ceremony marking the occasion, the UN Secretary-General urged member states to respond to the programs by demonstrating "a high degree of international solidarity, and thus enable the United Nations system to play its uniquely effective role."

Sadrudin Aga Khan, co-ordinator for humanitarian and economic assistance programs relating to Afghanistan, said on the occasion that the Afghan people have suffered heavy human losses and extensive damage to all sectors of their economy during the war. Millions of Afghans have become refugees, with the Iranian Government reporting 2.4 million refugees from the country and the Pakistan Government a total of 3.1 million refugees. Several million are thought to have been displaced within the frontiers of Afghanistan.

He explained that the programs will consist of two phases, with the first phase devoted to immediate relief and rehabilitation that will last 18 months and the second phase devoted to longer-term rehabilitation of the infrastructure lasting a further three years.

The total costs of the first phase will amount to 1,166.1 million U.S. dollars and those of the second phase costing about 839.6 million dollars, he said.

The co-ordinator said a meeting of consultations with potential donor countries will take place on June 14. The meeting will not be a pledging conference and it will deal with the first phase only, he said.

Well-informed sources said representatives of the seven western industrialized nations—the United States, Britain, Japan, West Germany, Italy, France and Canada—will meet next Monday to co-ordinate their policies toward the programs. They are considered to be among the potential donors.

**UN Official Criticizes Reportage on Afghanistan**  
*OW1406003088 Beijing XINHUA in English*  
2348 GMT 13 Jun 88

[Text] United Nations, June 13 (XINHUA)—UN Under Secretary General for Special Political Affairs Diego Cordovez said today that he was concerned with press allegations that the implementation of the Geneva accords on Afghanistan is slowing down because of difficulties and violations.

Cordovez, who made an unexpected appearance at the UN press briefing, asked the press to "help us to eliminate the doubts which are not helpful."

He announced that he will be "traveling to the area" towards the end of this month to review the implementation of the Geneva accords. Cordovez is the UN Secretary general's special representative on the settlement of Afghanistan.

He complained that some press reports gave the impression that difficulties have cropped up that were not foreseen by the parties concerned.

"But in fact nothing has happened that was not foreseen in the Geneva accords and all the difficulties have been anticipated," he said.

When difficulties cropped up, they were examined thoroughly by all the parties and guarantors, who are in close touch with each other for eliminating these difficulties, he said.

The under secretary general said the Geneva accords stipulate that 50 percent of the Soviet troops will be withdrawn by August 15 and a UN Good Offices Mission will be organized in 60 days after the signing of the Geneva accords.

"Now not a month has passed, and as far as we know, the (Geneva) agreement is being implemented, the withdrawal of Soviet troops has been going on very well and everything is falling into place," he noted.

Cordovez acknowledged that there were complaints about the violations of the Geneva agreements lodged on both sides. "But we are dealing with them according to the procedures laid down in the Geneva accords, and we are not going to make these reports public."

### United States & Canada

**Bank of China Rejects U.S. Credit Rating**  
*OW1506105288 Beijing XINHUA in English*  
0930 GMT 15 Jun 88

[Text] Beijing, June 15 (XINHUA)—The Bank of China has called the credit rating recently issued by the U.S.-based Moody Investment Service "unacceptable" because it is not in line with the bank's current domestic and international reputation.

At today's press conference Li Yumin, the bank's vice president, said, this "A3" rating will not only affect the bank's ability to enter the U.S. capital market, but will also discourage foreign investors.

"As a state foreign trade and foreign currency bank, the Bank of China has been expanding rapidly and has earned a good reputation both at home and abroad," Li said, adding Japan's rating services granted the bank an "AAA" rating, the highest possible, for the three years running after the bank first issued bonds in Tokyo in 1984.

When asked if China has immediate plans to devalue local against foreign currency, Wang Deyan, the bank's president said, according to international practices, a country can not publicize decisions on exchange rates before the fact, and these decisions are made by the People's Bank of China.

Concerning whether or not China will allow foreign banks to open branches in the country's major open cities like Guangzhou and Shanghai, Qiu Qing, vice-governor of the People's Bank of China said, the local and the central governments support foreign bankers,



who are being asked to submit their applications to local branches of the People's Bank, which will turn over the applications to the head office for approval.

Qiu also said, regulations governing the branches of foreign banks are still being worked out, and even though some branches are now operating in the country's special economic zones, more control is needed.

When asked about individual participation in China's new foreign currency markets, Qiu said, even though in some locales individuals are taking part in exchange transactions, strict measures must be worked out to head off speculation.

**FAA Grants Shanghai Aircraft Firm Certificate**  
*OW1506022688 Beijing XINHUA in English*  
*1406 GMT 14 Jun 88*

[Text] Shanghai, June 14 (XINHUA)—The U.S. Federal Aviation Administration (FAA) today granted a fabrication assembly certificate to the Shanghai Aviation Industrial Corporation (SAIC) for manufacturing parts for MD-82 aircraft.

The U.S. McDonnell Douglas Corporation secured a U.S. Federal Aviation Administration production certificate extension for co-producing MD-82 passenger aircraft here last November.

Previously, all the aircraft parts manufactured in Shanghai had to be taken to the U.S. to be tested.

An official from SAIC said that 8 parts manufactured in Shanghai, including cargo doors, will be installed on the seventh MD-82 aircraft to be manufactured in Shanghai next year. The number of parts made in Shanghai will gradually increase, he said.

**Zhejiang To Expand Cooperation With U.S.**  
*OW1506033288 Beijing XINHUA in English*  
*1446 GMT 14 Jun 88*

[Text] Hangzhou, June 14 (XINHUA)—A total of 222 economic and technological cooperation items will be negotiated by Chinese and American traders at a symposium to be held later this month.

A local official said that the trade value between Zhejiang Province and the U.S. reached 140 million U.S. dollars in 1987. Zhejiang has now over a dozen Sino-American joint ventures and cooperation enterprises. Both sides have achieved satisfactory results in technological cooperation in electronics, chemicals, medicine, and aquatic breeding.

The official said that there are broad prospects for Sino-American cooperation, especially cooperation on upgrading existing enterprises, communications and transportation, and exploitation of energy resources. American businessmen are welcome and will enjoy preferential treatment, he said.

Zhejiang has an area of more than 100,000 sq km and a population of about 40 million. It has always been called a land of rice and fish.

The official said that the province made over 80 billion yuan in industrial output value in 1987, next to Jiangsu, Liaoning, and Shandong provinces and Shanghai municipality. The export value reached 1.37 billion U.S. dollars in 1987.

Foreign traders have invested 298 million U.S. dollars in the province and have set up 154 enterprises. Zhejiang has established trade and economic ties with over 130 countries and regions.

The official said Zhejiang has advanced light and textiles industries. Machinery, textiles, chemicals, foodstuffs, silk, and building materials are mainstays of the provincial economy as the output value of these industries amounts to over 80 percent of the province's total.

Zhejiang has now about 200,000 technological personnel and 37 institutions of higher learning. Some 37 counties and cities in the province have been listed as open areas, and some places have set up bonded warehouses.

The official said Sino-American cooperation can be carried out in various ways such as joint ventures, compensation trade, processing and assembling with customers' supplied materials, technological transfer and loans.

**XINHUA Interviews U.S. Economist**  
*OW1506055488 Beijing XINHUA in English*  
*1742 GMT 14 Jun 88*

[By Zhao Zijian]

[Text] Washington, June 14 (XINHUA)—The continued improvement of U.S. trade performance, as shown by the newly-released April figures, may lessen the pressure on the leaders of the seven industrial countries who are scheduled to meet in Toronto next Sunday for their annual economic summit.

In an interview with XINHUA here this morning, deputy director of the Washington-based Institute for International Economics Thom Bayard said the new trade figures have increased the possibility that the summit leaders may put off some long-term policy issues, such as opening the market of Singapore, South Korea, Taiwan, and Hong Kong and reduction of the U.S. budget deficit.



The U.S. Commerce Department reported this morning that U.S. merchandise trade deficit dropped to a seasonally adjusted 9.9 billion dollars from the revised March deficit of 11.7 billion dollars. The drop represented the second straight monthly improvement that put U.S. trade deficit into the lowest level since 1984.

"It will be a quiet, self-congratulating summit," said Dr. Bayard. "The continued improvement in U.S. trade figures will reduce the pressure on the dollar," he said.

"There will be no major upward pressure on the dollar, nor downward pressure. It will be fairly stable for a while," he predicted on the future movement of the dollar.

U.S. President Reagan will travel to Toronto on Sunday. As indicated by his speech at the Washington-based Atlantic Council yesterday, Reagan will devote some time to hail the accomplishment of his free market programs. The April trade figures are expected to reinforce his argument.

According to the Commerce Department, the April trade deficit represented a 15.5 percent improvement over the revised March figure. For the first 4 months of this year, the U.S. trade deficit was running at a seasonally adjusted annual rate of 141.8 billion dollars, much lower than the record deficit of 170.3 billion dollars registered last year.

The department said deficit with all the three biggest trading partners, namely, Japan, the European Community, and Canada, went down in April from the March level.

**U.S. Promises Continued Aid to Afghan Refugees**  
*OW1406004388 Beijing XINHUA in English 0001*  
*GMT 14 Jun 88*

[Text] Washington, June 13 (XINHUA)—U.S. President Ronald Reagan said today that the United States would "contribute significantly" to the international relief effort aiding 5 million Afghan refugees to return to their homeland.

These Afghans fled to neighboring Pakistan and Iran as refugees following the Soviet incursion into their country in 1979.

White House spokesman Marlin Fitzwater said that Reagan discussed the matter this morning with Prince Sadruddin Aga Khan, the recently appointed coordinator for United Nations humanitarian and economic assistance to Afghanistan.

Fitzwater said Reagan assured the visitor that the United States will "continue to contribute significantly in assisting the Afghans adversely affected by the (Afghan) war."

Reagan also said the U.S. will "support strongly UN efforts to mobilize the international community to respond to the repatriation, resettlement, and subsequent reconstruction needs of the Afghan people."

The United States currently has 119 million dollars budgeted for the Afghan refugees.

### **Canadian Military Delegation Visits Jiangsu**

#### **Meets Jiangsu Military Commander**

*OW1406180788 Nanjing Jiangsu Provincial Service*  
*in Mandarin 2200 GMT 11 Jun 88*

[Text] General Manson, Canadian defense chief of staff, and his wife, accompanied by Yu Jianzhong, deputy director of the Foreign Affairs Bureau under the Ministry of National Defense, and his wife (Chen Huiling), arrived in Nanjing from Xian by special plane yesterday afternoon for a visit. Nanjing Military Region Commander Xiang Shouzhi and his wife (Zhang Ling) greeted the Canadian guests at the airport.

In the evening, the Nanjing Military Region hosted a banquet at Jinling Hotel in honor of General Manson and his entourage. In his toast, Commander Xiang said: The exchange of friendly visits between the militaries of our two countries has increased in recent years. The visit of General Manson and his wife will surely increase our mutual understanding and friendship. General Manson said: We are very happy to come and visit the civilized world's ancient capital Nanjing. I remember a phrase from one of Chairman Mao Zedong's poems which reads "It is a heavenly place to live where a tiger crouches and there is a dragon lake." All that I have seen since arriving in Nanjing indicates that you have scored great achievements in the four modernizations. We will return home with a friendly impression of you.

General Manson and wife yesterday also visited scenic spots in the east suburbs.

#### **Visits Infantry Division**

*OW1406125988 Nanjing Jiangsu Provincial Service*  
*in Mandarin 0915 GMT 12 Jun 88*

[Excerpt] Accompanied by Xiang Shouzhi, commander of the Nanjing Military Region, General Manson, Canadian defense chief of general staff, and his entourage visited a infantry division in the Nanjing outskirts this morning.

During the war years, the division won numerous battles. In 1948, it was named the Glorious (Linsen) Brigade. Not long ago, the division held a celebration to mark its 40th anniversary.

General Manson and his retinue, accompanied by Commander Xiang and Division Commander (Chen Chaoyun), reviewed an honor guard. The honored guests also heard a briefing: visited the military history exhibition

room; and, later, toured the production and service center under a certain regiment, including a bean curd plant, a pastry unit, vegetable shops, and other stores.

General Manson said: It is a great idea for the Army to carry out military training and provide various services for military personnel at the same time.

The honored guests from Canada watched firing practice and a three-stage offensive combat exercise with live ammunition. General Manson congratulated the officers and men on their outstanding performance. He said: Here we witnessed a demonstration of the PLA's spirit. We are deeply impressed with your shooting skills and fighting capabilities. [passage omitted]

### Comparison of Student Criticism of VOA

Beijing Hong Kong Service in Chinese at 1544 GMT on 10 June carries a 1,010-character report by correspondent Gao Hui, entitled "Beijing University Students Criticize 'Voice of America.'" This has been compared with the version carried by XINHUA in English at 1605 GMT 10 June entitled "Voice of America 'Target of Student Criticism'" and published in the 13 June China DAILY REPORT on pages 5-6, revealing the following variations: **Page 5**

Column one, paragraph one, sentence one to paragraph four in the Chinese version reads ...Beijing, 10 June (XINHUA)—An eye-catching big-character poster was posted up at Beijing University today, attracting quite a crowd. Some of them brought recorders and others cameras. This poster criticized the "Voice of America." [new paragraph]

This poster, entitled "Initial Reflections on the deepening cultural contradictions at Beijing University," analyzed the poster campaign that began at the university on 2 June and has now quieted down. The poster mentioned the "demagogic" role of the "Voice of America," and also dissected the weak points displayed by the university's students in recent days.

The writer of the poster cited the weak points of the students as including: being too influenced... [noting variant wording].

Column two, paragraph fifteen, sentence one, to paragraph sixteen...impression he said.[new paragraph]

Another student summarized the "Voice of America" reports as: "A little bit of fact plus demagogic commentary and a clever choice of words." He said that this radio station's reporting on China appears to be objective, but it is overly interested... [noting additional words]. **Page 6**

Column one, last paragraph, from sentence one... chaos," he said. [new paragraph]

While conducting interviews this morning at a place in Beijing University called the "Triangle," where big-character posters were hung, this reporter was surrounded by over 100 students who wanted to give their views. Many of them listened to the "Voice of America" to learn English. One of them said: "We are capable of analyzing things and can distinguish clearly between unintentional mistakes and deliberate distortions."... [noting additional passage].

### Soviet Union

#### TA KUNG PAO on Sino-Soviet Talks

HK1506032888 Hong Kong TA KUNG PAO in Chinese  
15 Jun 88 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Sino-Soviet Consultations Following the U.S.-Soviet Summit"]

[Text] An "Old Hand at Soviet Affairs" Takes Up the Post of Special Envoy [subhead]

Tian Zengpei, the Chinese Government's special envoy and vice minister of foreign affairs, left Beijing for Moscow the day before yesterday to attend the 12th round of consultations aimed at normalizing Sino-Soviet relations. He is the first special envoy to be sent by Li Peng since the official formation of his cabinet. Since the talks started 6 years ago there have been 11 rounds of consultations in which the Chinese team has always been headed by Qian Qichen. Now that Qian has become foreign affairs minister China has dispatched Tian Zengpei, another "old hand at Soviet affairs," to replace Qian in negotiating with the Soviet Union. Tian, 57, studied in the Soviet Union during the 1950's. In his diplomatic career which spans 3 decades, he has been director of the Department of Soviet Union and East European Affairs in the Ministry of Foreign Affairs, ambassador to Yugoslavia and Czechoslovakia, and political affairs attache at the Chinese Embassy to the Soviet Union. He has had experience in dealing with Soviet and East European politics for half his lifetime. He is a figure meriting attention among the new generation of Chinese diplomats.

Changes Have Taken Place in the Internal and External Conditions of China and the Soviet Union [subhead]

Changes have taken place in the internal and external conditions of China and the Soviet Union. In particular, both countries are conscientiously pushing forward political and economic reforms with the stress on developing the economy and improving the people's livelihood. There have been quite a few changes in Soviet domestic and foreign affairs since Mikhail Gorbachev took office over 2 years ago. In the meantime the top leaders of the United States and the Soviet Union have held four meetings. They have signed a treaty on eliminating intermediate-range nuclear missiles and provided hopes that an agreement can be reached on reducing

long-range missiles by half. The world situation has eased tangibly. This constitutes an unprecedented change in U.S.-Soviet relations in the 40-odd years since World War II. Even President Reagan, who has obstinately clung to his long-standing anti-Soviet and anti-communist stand, has a high opinion of Gorbachev's determination to conduct reforms. He holds that the Soviet Union is no longer an "evil empire."

After ending the 10-year turmoil of the Cultural Revolution, China learned a lesson from the bitter experience. It is determined to go all out to engage in the four modernizations program. For this reason it has repeatedly stressed its hope for a peaceful international environment. Over the past decade China has based its diplomacy around the two subjects of "peace and development" and has won praise in the world.

#### Vietnam's Troop Withdrawal From Cambodia [subhead]

Given relaxed international conditions can Sino-Soviet relations make any tangible headway? In the past there were three obstacles hindering the normalization of Sino-Soviet relations. With the Soviet Union withdrawing its troops from Afghanistan, the question of whether Vietnam will withdraw its troops from Cambodia has become more conspicuous and urgent.

On his current trip to the Soviet Union, Tian Zengpei said that his purpose was to continue consultations on removing the three obstacles to Sino-Soviet relations, particularly the Cambodian issue, and that China hoped for progress in the current round of consultations.

The Soviet Union clearly understands that, if peace is not restored in Cambodia it will be difficult for the Soviet Union to coordinate its relations, not only with China, but also with all ASEAN states. Today, it is the Soviet Union alone who can exert a major influence on Vietnam and cause it to withdraw its troops from Cambodia.

#### Difficult Compromises Should Be Made Before Success Can Be Attained [subhead]

On the Afghan issue, the Soviet Union has made a painful but correct choice—total troop withdrawal. Although there will not be a quick solution to the Cambodian issue, the evolution of the situation will sooner or later make it necessary for the Soviet Union to exert pressure on Hanoi to withdraw all its troops from Cambodia. If Moscow fails to make a breakthrough on this count it cannot develop relations with ASEAN countries and China. If the Soviet Union persists in conducting reforms and developing the economy it should not overlook the question of having dealings with ASEAN countries and the "four little dragons," nor should it overlook the latter's strong opposition to Soviet support for Vietnam in invading Cambodia.

It is believed that the 12th round of Sino-Soviet talks will be a useful consultation. Things often evolve gradually. Before success is attained, repeated diplomatic concessions will have to be made.

#### Xinjiang-Soviet Border Trade To Increase

OW1506000888 Beijing XINHUA in English  
1435 GMT 14 Jun 88

[Text] Urumqi, June 14 (XINHUA)—The gross import and export value of trade between the Xinjiang Uygur Autonomous Region and the Soviet Union this year is expected to surpass 100 million Swiss francs, five times last year's figure.

Thirty letters of intent were signed between Xinjiang and five Soviet republics during recent bilateral trade talks.

Xinjiang will import chemical fertilizer, steel and other raw production materials from the Soviets and export light industrial products.

Major cooperation projects for this year include construction of a woollen mill, a furniture factory and a textile mill in Xinjiang. Most of these projects will be built with raw materials and equipment from the Soviet Union.

Meanwhile, Xinjiang is to help the Soviet republics build factories for the production of garments, leather shoes, electronic toys, indoor lamps and ceramics.

In addition, joint technical research items covering the fields of cotton cultivation, soil improvement, fruit and vegetable processing and plant protection will be carried out according to agreements.

#### Radio, Film, Television Delegation in Moscow

OW1406165088 Beijing in Russian to the USSR  
1800 GMT 13 Jun 88

[Text] A Chinese radio and television delegation, headed by Nie Dajiang, PRC vice minister of radio, film, and television, flew into Moscow on 13 June.

The delegation consists of seven representatives, including Cui Yiling, director of Beijing Radio, and Huang Huiqun, director of China Central Television Station.

The delegation was met at the airport by Vladimir Ivanovich Popov, USSR deputy chairman of State Committee for Television and Radio, and Yu Hongliang, PRC ambassador to the USSR.

A PRC communication delegation arrived by the same plane.



**Moscow Cautions Pakistan Over Afghanistan**  
*OW1406154588 Beijing XINHUA in English*  
*0551 GMT 14 Jun 88*

[Text] Moscow, June 13 (XINHUA)—Soviet leader Mikhail Gorbachev and the Kabul regime's head Najibullah warned here today that Moscow and Kabul will have to take resolute retaliatory actions if Pakistan continues to support the Afghan resistance.

Both sides expressed at their meeting serious concern over violations of the Geneva accord by Pakistan, the official Soviet news agency reported.

The two leaders did not specify what action might be taken if the violations continue, but Soviet Foreign Minister Eduard Shevardnadze said in New York last week that the Kremlin might be forced to scale back the pace of its withdrawal of the 103,000 Soviet troops.

Najibullah made a stop-over here on his way back home from a state visit to Cuba.

TASS also said the two men agreed to a more rational use of Soviet assistance and bilateral cooperation to rehabilitate the Afghan economy.

Under the agreement, the Soviets promise to complete its [as received] troop withdrawal by next February and Pakistan will stop arms shipments to the rebels and dismantle their bases inside its territory. The United States, which supplies the guerrillas with most of their hardware, is acting as a guarantor of the agreement.

TASS reported that Pakistani Ambassador to Moscow Shahid Muhammad Amin was summoned Monday by First Deputy Foreign Minister Yuriy Vorontsov who "once again" raised the issue of Soviet soldiers held prisoner at "armed Afghan opposition camps" in Pakistani territory.

The ambassador was told that "the Soviet Union expects President Mohammed Ziaul Haq to make good his promises and the Pakistani side to adopt most urgent and concrete measures in this respect," TASS said.

### Northeast Asia

**Tianjin Secretary Tours Pyongyang, Nampo**  
*OW1506021588 Beijing XINHUA Domestic Service*  
*in Chinese 0713 GMT 14 Jun 88*

[Special to TIANJIN RIBAO by reporter Zhu Kechuan]

[Text] Pyongyang, 14 Jun (XINHUA)—After his arrival in Pyongyang on 10 June at President Kim Il-song's invitation, Li Ruihuan, member of the Political Bureau of the CPC Central Committee and secretary of the Tianjin Municipal CPC Committee, visited Pyongyang and the Nampo area on 11-12 June.

Pyongyang, located in the western part of the Korean peninsula and at roughly the same latitude as that of Tianjin, is a beautiful city blessed with pleasant weather. During the Korean War the Americans dropped 428,000 bombs here and reduced the city to ruins. After the war, leaders of the Worker's Party of Korea [WKP] and government led the people in rebuilding the city, and now it has become a clean, beautiful Oriental city with many high-rise buildings.

On the morning of 11 June, accompanied by Kang Hui-won, candidate member of the Political Bureau of the WKP Central Committee and chairman of the Pyongyang City People's Committee, Li Ruihuan and his entourage visited the main street of Kwangbok and Nungnado Stadium, which were under construction, and the Great Study Hall of the People. Kwangbok is a new thoroughfare, 5.6 km long and 100 meters wide, under construction in the southwest suburbs of Pyongyang. The street is lined with buildings 10 to 30 stories high, and the total construction area is 5.5 million square meters. At the end of the street are a stadium composed of nine gymnasiums and the Ankok Sports Village, comprising two hotels. Construction of the main street and sports village began in 1986. Now the street and the zone are taking shape, with some structures basically completed. The Nungnado Stadium is located on an island in the middle of the Taedong River, which passes through Pyongyang proper. The large, beautifully shaped stadium has a capacity of 150,000. The Great Study Hall of the People, completed in 1982, is a general library with a capacity of 30 million volumes.

During the visit, all those officials responsible for receiving Li Ruihuan expressed their appreciation to the people of Tianjin for the warm welcome they accorded President Kim Il-song last May. They said: Many Koreans have seen a documentary on President Kim Il-song's visit to Tianjin, and they feel very close in seeing Mayor Li Ruihuan. Li Ruihuan said: "President Kim Il-song said during his visit to Tianjin that he is very interested in urban construction planning. I myself also like this work very much." Li Ruihuan inquired in great detail about the scale, construction costs, labor organization, and other technical questions of these projects. At an informal discussion on the same day, So Yun-sok, member of the Political Bureau of the WKP Central Committee and responsible secretary of the South Pyongan Provincial WKP Committee, briefed Li Ruihuan on how people are organized for voluntary labor in Korea and how shock brigades of party members are formed to take part in key construction projects. Li Ruihuan said: Taking part in voluntary labor can inspire the people's spirit. How a proletarian political party in power preserves its true colors and maintains close contact with the masses is a question of fundamental importance. You set great store by organizing Friday voluntary labor and shock brigades of party members. We are also tightening party discipline in order to bring into play the exemplary role of party members. Our two parties enjoy a very friendly relationship and your methods have

inspired us. On 12 June, Li Ruihuan laid wreaths at the Friendship Tower in honor of martyrs of the Chinese volunteers and the Taesongsan Cemetery of revolutionary martyrs killed in Korea's anti-Japanese war, visited the Taean Heavy Duty Machinery Plant, the Sohae Dam located at the mouth of the Taedong River, and the Hwasong Cooperative Farm in the Pyongyang suburbs. At the Hwasong Cooperative Farm he removed his shoes in accordance with local custom and entered the home of Pak Chun-kun, chairwoman of the administrative committee. He carefully observed the new, two-story house built with a new type of sand brick and acquainted himself with the livelihood and work of the local peasants. He said: "Only after one has proper quarters to live is he able to work in contentment. I wish you constant improvement in your livelihood."

After a visit of 3 busy days, Li Ruihui and his entourage rested in the eastern coast city of Wonsan on 13 June. Today they are going to visit Sunchon, Huichon, Myohangsan, and other areas.

**Japanese Envoy at Jilin Water Works Completion**  
*SK1506064788 Changchun Jilin Provincial Service*  
*in Mandarin 2100 GMT 14 Jun 88*

[Excerpts] The Chinese-Japanese friendly water works which was built with donations from the Japanese Government was completed in Changchun and a victory meeting to mark the completion was held on 14 June.

Toshijiyo Nakajima, ambassador extraordinary and plenipotentiary of Japan to the PRC and Madam (Yasuji) Nakajima, wife of the ambassador, made a special trip from Beijing to attend this victory meeting.

Responsible persons of the Ministry of Construction, and the provincial and Changchun City government departments concerned attended the ceremony to mark the completion of the water works.

Shang Zhenling, mayor of Changchun City, gave a speech at the victory meeting. He said: The Japanese Government donated 2.1 billion yen to help build a Chinese-Japanese friendly water works in Changchun. It is a symbol of friendship between the Chinese and Japanese peoples. The construction of this modernized water works with advanced international level of the eighties began in September 1986. During the construction, both the Chinese and Japanese sides and the people from all circles actively cooperated with one another and, as a result, this project was smoothly completed. The daily water delivery capacity is 180,000 tons. This will ease Changchun City's current water shortage situation.

In his speech, he cordially thanked the Japanese Government on behalf of the Changchun City government and the people. [passage omitted]

(Gu Chuanfen), director of the overall planning department of the Ministry of Construction; Wang Tiance, director of the International Department of the Ministry of Foreign Economic Relations and Trade; and responsible comrades of the provincial and Changchun City Departments concerned, including He Zhukang, Gao Yan, and Wu Yixia, attended the meeting to mark the completion of the water works.

**He Zhukang Hosts Banquet**

*SK1506065188 Changchun Jilin Provincial Service*  
*in Mandarin 2100 GMT 14 Jun 88*

[Text] At noon on 14 June, the provincial people's government held a welcome party for Toshijiyo Nakajima, ambassador extraordinary and plenipotentiary of Japan to the PRC, his wife, and his entourage, who came to attend the ceremony to mark the completion of the Chinese-Japanese friendly water works in Changchun.

Before the reception, He Zhukang, Gao Yan, Wu Yixia, and Shang Zhenling, and other provincial and Changchun City leading comrades met with Ambassador Toshijiyo Nakajima and his wife and the other Japanese guests.

During the meeting, Governor He Zhukang said: Over the past few years, the Chinese and Japanese sides have unceasingly increased economic and technological cooperation. The completion of the Changchun Chinese-Japanese friendly water works will help to unceasingly promote friendship between the Chinese and Japanese peoples.

Ambassador Toshijiyo Nakajima stated: Geographically, Japan and Jilin Province are quite near. Jilin has various favorable conditions for development. In the future, Japan will show further concern for supporting Jilin Province's development.

Responsible persons of the relevant state departments, including Gu Changchun and Wang Xianjin, were also present at the meeting.

**Suspects Arrested for Consulate Shooting in Japan**  
*OW1406143388 Beijing XINHUA in English*  
*0548 GMT 14 Jun 88*

[Text] Tokyo, June 13 (XINHUA)—Police informed the Chinese Consulate in Fukuoka, west Japan today that three gangsters involved in shooting the consulate building in March have been arrested.

The three gangsters, who belong to Kyokuseikai, a social violent [as received] organization, have confessed that the shooting was part of a planned and organized criminal activity. Police said they are stepping up efforts to get the leader of the organization Hideo Mizoshita.



On the night of March 11, the three gangsters shot a round with shotguns at the Chinese Consulate from a speeding car. A consulate window pane was smashed in the incident but no one was injured.

At first, police suspected the shooting was the sabotage work of a certain rightist organization. But in the probe they captured the three gangsters including Mitsuhide Honda.

**NPC's Wang Hanbin Meets Japanese Delegation**  
*OW1506001588 Beijing XINHUA in English*  
1336 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA)—Wang Hanbin, vice-chairman of the National People's Congress Standing Committee, met with a delegation from the Chinese Studies' Association of Japan led by Doishi Masamichi, member of the House of Representatives, here this evening.

The delegation is composed of members of the Liberal Democratic Party of Japan.

Wang said the long-term development of bilateral friendly cooperation conforms to the interests of the two peoples.

The Chinese Studies' Association of Japan was founded last year at Masamichi's suggestion. Wang praised him for his farsighted efforts to introduce China to Japan.

He urged far-sighted Chinese and Japanese to make common efforts to overcome unfavorable factors in bilateral relations and push the Sino-Japanese friendship cause forward.

Masamichi expressed the hope that the two sides would increase their contacts and mutual understanding, and seek ways to settle some difficult problems existing between the two countries.

After the meeting, Fu Jie, vice chairman of the China-Japan Friendship Group of the NPC, gave a dinner for the visitors.

**CPC Delegation Led by Zhu Liang Visits Japan**  
*OW1406152388 Beijing XINHUA in English*  
0552 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA)—A delegation of the Chinese Communist Party headed by Zhu Liang, head of the International Liaison Department of the party's Central Committee, left here today for a friendship visit to Japan at the invitation of the Central Committee of the Japanese Socialist Party.

**SHIJIE ZHISHI Discusses Japanese Investment**  
*HK1406094588 Beijing SHIJIE ZHISHI in Chinese*  
No 10, 16 May 88 p 9

[Article by Chen Luzhi (7117 7827 4160): "Trends of Japan's Investment Abroad and Opportunities in the Asian-Pacific Region"—paragraph in boldface as published]

[Text] Foreign investments by Japan's manufacturing industry have increased. Japan may be second only to the United States in turning the "four small tigers of Asia" into its targets for investments. The ASEAN nations are strengthening their abilities for absorbing foreign capital. Competition for foreign investments has surfaced in the entire Asian-Pacific region.

Japan's direct foreign investments have increased by a wide margin in the past 2 years. Many Asian countries and areas in the Pacific region are paying special attention to whether Japan will continue to increase its direct investments in the Asian region. The Pacific Economic Cooperation Conference held its standing committee meeting in Tokyo in early March this year. Experts and delegates from some countries, including Japan aired their views on this issue.

Generally speaking, the yen appreciation is still strong because of Japan's very favorable balance of payments, and its direct foreign investments are expected to keep on increasing. At present, overseas products of Japanese enterprises in the manufacturing industry account for only 3.9 percent of its sale volume; the relative figure of the United States is 23.1 percent, and of West Germany 19.3 percent. Therefore, there is still a lot of leeway for Japan's manufacturing industry to increase the proportion of its foreign investments and overseas production. Japan has doubled its direct foreign investments on two occasions since 1983: Between 1983 and 1984, they went up from \$5.779 billion to \$10.155 billion; again it went up from \$12.217 billion to \$22.32 billion between 1985 and 1986. In 1986 alone, Japan's direct foreign investments were estimated to be \$30 billion.

Viewing this from various angles, we believe that Japan's foreign investments may not increase by a wide margin from now on; however, the momentum of foreign investments by Japan's manufacturing industry is still increasing. If the ongoing industrial structural reform in Japan works, it will further stimulate the foreign investment of its manufacturing industry.

Prior to the 1980s, the focus of Japan's foreign investments was Asia, later it shifted to such developed countries as the United States and West Europe. In 1986, Japan's investments in the United States accounted for 45.5 percent of its volume of foreign investments, and its investments in West Europe accounted for 15.5 percent. The shift of Japan's focus of foreign investments was due to the fact that the United States and West Europe have become the largest markets for its products. Under the

aggravating contradictions between Japan and the United States, and between Japan and West Europe, the marketing of its products turned out locally in Europe and the United States through direct investments would avoid the import restrictions of the United States and West European countries, while reducing the friction between them. In the near term, Japan's tremendous profits have to be invested in these countries, the United States in particular. In the next two or three years, the United States will continue to be the primary target of Japan's foreign investments.

Japan's direct investments in the Asian region dropped somewhat in 1984 and 1985, but in 1986 there was an upward trend, and the range of increase was rather great in 1987. The major targets of Japan's foreign investments have been the "four small tigers of Asia." Japan's investments in South Korea and Taiwan have been increasing all along. The "four small tigers of Asia" have been the strongholds for Japan's exports. They remain very important to Japanese enterprises. In the first half of 1987, Japan's direct investments in South Korea increased by 336.2 percent over the same period in 1986, its direct investments in Singapore increased by 227.8 percent, and in Taiwan increased by 89.3 percent. Obviously, Japan wants to utilize these strongholds for its exports to some third nation. The "four small tigers of Asia" are likely to become Japan's second target of investments, second only to the United States, while Europe will drop to third place.

Regarding other Asian nations, the focus of Japan's investments may be Thailand and Malaysia. In 1986, Japan's direct investments in Thailand increased by 158.3 percent from 1985, and its direct investments in Malaysia increased by 100 percent during the same period. The volume of Japan's investments in Thailand was \$124 million, and in Malaysia, \$158 million in 1986, accounting for 0.6 percent and 0.7 percent respectively of Japan's total volume of foreign investments in 1986. Japan's investments in these two countries continued to rise by a wide margin in 1987.

A current trend is that some ASEAN nations are working hard to convert their economies into export-oriented ones, and are strengthening the absorption of foreign capital as well as the transformation of their export departments. The "four small tigers of Asia" are beginning to make investments in foreign countries. At the same time, the "four small tigers" are competing with each other in higher production efficiency and better investment climate for Japan's direct investments, for the better the conditions, the larger direct investments they will attract from Japan.

Regarding direct foreign investments, if they are appropriately utilized, they will bring in capital as well as the transfer of equipment, technology, and managerial experiences. This will not increase the burden of debts; on the contrary, it will create job opportunities. The seminar of the Pacific Economic Cooperation Conference has

affected people with a sense of pressure. Many countries are adopting new measures based on the changes in the world economic situation, and working hard in the direction of developing export-oriented economy. Their efforts have shaped into a situation of competition in the Asia-Pacific Region. If anyone should fail to take advantage of the time, the window of opportunity opened to them may be shut quickly. Beyond doubt, it is very correct that China has promptly proposed the strategy for developing its coastal areas. It is imperative for us to lose no time in observing the changes on the Pacific to have a clear idea of the beat of the pulse of the region. The Pacific Economic Cooperation Conference may become an important channel for China to establish close economic ties with the Pacific Region. In its 6th session to be held Osaka in May this year, foreign investments will remain one of the topics on its agenda, which is worth our attention.

#### **Correction to Zhu Xuefang Meets Japanese Dietmen**

The following correction pertains to the item headlined "Zhu Xuefang Meets Japanese Diet Delegation," published in the 9 June China DAILY REPORT, page 13, column two, only paragraph, only sentence: ...June 8 (XINHUA)—Zhu Xuefan, vice chairman of...(correcting misspelled name).

#### **Southeast Asia & Pacific**

##### **Australia Provides Aid for Fujian Flood Victims** *OW1406204988 Beijing XINHUA in English* 1115 GMT 14 Jun 88

[Text] Canberra, June 14 (XINHUA)—Australia will provide 100,000 Australian dollars (about 80,000 U.S. dollars) in emergency assistance for the victims of a major flood in China's Fujian Province, Minister for Foreign Affairs and Trade Bill Hayden announced today.

Hayden said the funds will be channeled through the Australian Embassy in Beijing to the appropriate Chinese organizations for the provision of emergency food, shelter materials, transport, fertilizer and disinfectants as required to those most affected by the disaster.

##### **Yang Shangkun Receives New Lao Ambassador** *OW1406151188 Beijing XINHUA in English* 0611 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA)—The new Lao ambassador to China, Phongsavath Boupha, presented his credentials to Chinese President Yang Shangkun here this morning.

The new ambassador arrived here June 7.

**LIAOWANG on SRV Pullout From Cambodia**  
*HK1206051088 Hong Kong LIAOWANG OVERSEAS*  
*EDITION in Chinese No 23, 6 Jun 88 pp 26-27*

[Article by Tang Tianri (0781 1131 2480): "Perspective on Vietnam's Seventh 'Troop Withdrawal'"]

[Text] The Vietnamese authorities announced on 25 May that, between June and the end of 1988, 50,000 Vietnamese troops will be withdrawn from Cambodia, along with the Vietnamese headquarters, while the remainder of the Vietnamese forces will be placed under the leadership of the Cambodian puppet "supreme military command." It is noted that this new decision of "partial withdrawal" was made by the Vietnamese authorities a few days after the consultation of their Minister of Foreign Affairs Nguyen Co Thach with Soviet senior officials in Moscow. This was Vietnam's announcement of its seventh partial troop withdrawal from Cambodia.

Will the current troop withdrawal of Vietnam be genuine or faked, will it be making a fresh start, or will it be playing the same old trick? People may have an inkling of the matter by reviewing the six previous farces of "partial troop withdrawal" of the Vietnamese authorities.

In July 1982, Vietnam announced its first partial troop withdrawal from Cambodia. Western news agencies quoted the speech of reliable Hanoi personalities, saying that the withdrawal involved around 20,000 troops. Earlier, however, Vietnam had already deployed 20,000 troops from the No 3 and No 4 divisions in North Vietnam to reinforce its forces in Cambodia.

In April 1983, Vietnam announced its second partial troop withdrawal from Cambodia, which involved about 15,000 troops. However, Vietnam sent 13,000 reinforced troops to Cambodia between early January and 2 May the same year.

In June 1984, Vietnam announced its third partial troop withdrawal from Cambodia, which involved three brigades or regiments, along with several independent battalions, and the number of men was somewhat the same as in the year 1983. However, between May and June that year, Vietnam sent 14,000 reinforced troops to Cambodia.

In March 1985, Vietnam announced its fifth troop withdrawal from Cambodia, which involved around 15,000 troops. News immediately followed that beginning with April that year, Vietnam continuously sent 3,000 troops to Cambodia on a monthly basis.

In May 1986, Vietnam announced its fifth troop withdrawal from Cambodia, involving some 10,000 troops. But, the number of its reinforced troops sent to Cambodia was larger than the number withdrawn.

In October 1987, Vietnam announced its sixth troop withdrawal from Cambodia, namely, the withdrawal of one division and two brigades under the command of its 94th Corps along with some of the units under their direct command, amounting to some 10,000 troops. But between June and August that very year, Vietnam sent another 14,000 reinforced troops to Cambodia.

Based on the statistics of the previous six occasions of partial troop withdrawal, Vietnam should have pulled out at least 90,000 troops from Cambodia. But in reality, the number of the Vietnamese occupation troops in Cambodia has never been cut back. All its troop withdrawals in the past were actually the relieving of garrisons. Therefore, people are not without doubt about Vietnam's announcement of its seventh troop withdrawal from Cambodia, and are not without vigilance against its playing the old trick.

As to the so-called withdrawal of the Vietnamese headquarters in Cambodia and placing the remainders of the Vietnamese forces under the Cambodian puppet "supreme military command," that is a sheer lie.

It is known that the Phnom Penh regime is a puppet government propped up by Vietnam, and the Vietnamese are manipulating all its domestic, foreign, and military affairs. Apart from a headquarters of its occupation forces in Cambodia, the Vietnamese authorities have a supreme commanding organ in charge of their aggressive activities in Cambodia—"Cambodia Work Committee," directly sent by the Vietnamese Central Committee (coded No 478,) which is believed to be the "supreme power" standing above all else in Cambodia. Under the command of this "Cambodia Work Committee," Vietnamese "advisors" and "experts" are planted in all party and government departments from the central, provincial, city down to the grass roots in the rural areas of the Phnom Penh regime as well as all army units from the headquarters down to battalions and companies to exercise direct control over them. Had it not been for Vietnam's support and protection, it would be very difficult for the Phnom Penh regime to survive. It is sheer nonsense to speak of its commanding the "remainders" of the Vietnamese forces.

The Vietnamese authorities must have some considerations in the timing of the current troop withdrawal.

Internationally speaking, the Soviet Union began to withdraw its troops from Afghanistan with the initialling of the Geneva Accord, and people's eyes would naturally focus on the Cambodia question. The Cambodia question was touched upon not only at the U.S.-USSR summit, but also at the ASEAN ministerial meeting as well as the enlarged ASEAN ministerial meeting. The call of international society for Vietnam's total troop withdrawal from Cambodia has grown stronger with each passing day, and formed an increasingly greater pressure on Vietnam. Under such circumstances, the Vietnamese



authorities have announced a partial troop withdrawal from Cambodia. Their obvious aim is to relax the pressure from the international society to get rid of its position of being isolated.

Domestically speaking, the Vietnamese economy is in an extremely difficult situation. It is reported that, compared the end of 1987 with the same period in 1985, the volume of its money circulation increased by 20 times, with an inflation rate between 50-fold and 60-fold. Inflation has gone out of control since the beginning of this year. A universal food shortage has surfaced in both the urban and rural areas everywhere in the country. Sole reliance on Soviet aid cannot solve the problem. International society has so far refused to provide Vietnam with aid because of its aggression in Cambodia. It is the attempt of the Vietnamese authorities to announce a partial troop withdrawal from Cambodia in exchange of some international aid to relax its pressing needs.

Action is more convincing than words. People are waiting to see whether Vietnam will really implement its troop withdrawal from Cambodia. They hope that the Vietnamese authorities will refrain from repeating their trick of partial troop withdrawal in the past. If Vietnam really wants to settle the Cambodia issue, it must withdraw all its forces from Cambodia as soon as possible on top of implementing the current partial troop withdrawal. Besides, Vietnam should directly participate in the talks on the Cambodia question, and stop representing itself as an outsider. Universal world opinion also believes that the Soviet Union is the only country to provide Vietnam with military aid in support of its aggression in Cambodia, and the Soviet Union has responsibility to urge Vietnam to withdraw its troops from Cambodia.

### Near East & South Asia

**Li Ximing Continues Syrian Visit, Signs Accord**  
*OW1406044688 Beijing XINHUA in English*  
0025 GMT 14 Jun 88

[Text] Damascus June 13, (XINHUA)—Syria and China signed here today an agreement on developing cooperation and boosting friendly relations.

The agreement was signed by visiting Li Ximing, a member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee and head of a CPC delegation, and Sami al-Attar, member of the Syrian Ba'ath Party's National Command.

The agreement includes exchange of visits by social and popular organizations in both countries.

Syrian Prime Minister Mahmud al-Zu'bi and Sulieman Kaddah, assistant secretary general of the Ba'ath Party, met Li Ximing and his party here this afternoon.

The Chinese delegation arrived here on June 8.

### Meets President al-Asad

*OW1406190788 Beijing XINHUA in English*  
1829 GMT 14 Jun 88

[Text] Damascus, June 14 (XINHUA)—Syrian President Hafiz al-Asad received a Chinese Communist Party delegation today and expressed his appreciation for Syrian-Sino friendship and cooperation.

The president told Li Ximing, a member of the Political Bureau of the Chinese Communist Party Central Committee, that Syria is interested in strengthening ties with China in all fields, and he said that stronger bonds between the two nations would serve the interests of the people of the two countries and world peace.

The Syrian leader said he appreciated the principled position adopted by China on the Arab cause and the Middle East problem.

Li, the chief of the Chinese delegation, complimented Al-Asad on the remarkable achievements achieved in developing Syria's national economy and raising the living standard of its people.

He also expressed admiration for Syria's courageous resistance to Israeli expansionist schemes and imperialist pressures and its effort for a just settlement of the Middle East problem.

The Chinese Communist Party delegation arrived here last Wednesday on an official visit.

**Liao Hansheng Meets With Pakistani Ambassador**  
*BK1106082388 Islamabad Overseas Service*  
in English 0800 GMT 11 Jun 88

[Text] The chairman of the Foreign Affairs Committee of the Chinese National People's Congress, Mr Liao Hansheng, has said China would not only pursue the policy of promoting friendly ties with Pakistan, but invigorate it at all levels to their new dimensions and depths. He said this during a meeting with Pakistan Ambassador Mr Akram Zaki who called on him to convey greetings on the assumption of his new office. Mr Liao, who is also vice chairman of the Standing Committee of the People's Congress, said the excellent bilateral relations enjoyed by the two countries were based on solid foundations of the principle of peaceful coexistence and close identity of the interests. Cooperation between Pakistan and China in all fields was reviewed at the meeting.

**Muslim Pilgrims Leave Xinjiang for Mecca**  
*OW1106002188 Beijing XINHUA in English*  
1143 GMT 10 Jun 88

[Text] Urumqi, June 10 (XINHUA)—44 Chinese Muslims from northwest China's Xinjiang Uygur Autonomous Region left here today for Mecca, Saudi Arabia, to make the pilgrimage.

It is reported that some 500 Chinese Muslims in the region will also leave for Mecca via Pakistan in the following days.

Xinjiang, which boasts the largest number of Chinese Muslims, has over 7 millions Muslim believers of Uygur, Kazak, Hui, Kirgiz, and Tajik nationalities.

According to the statistical figures given by the religion bureau of the region, 6500 people of different nationalities had made the pilgrimage to Mecca from 1980 to 1987.

**RENMIN RIBAO 'Commentary' on Arab Summit**  
*HK1406131888 Beijing RENMIN RIBAO in Chinese*  
12 Jun 88 p 6

[Commentary by Correspondent Lin Jiaoming (2651 4109 2494): "Clear-cut Stand, Firm Support—Satisfactory Conclusion of Special Arab Summit"]

[Text] The 3-day special Arab summit successfully concluded in Algeria on 9 June. The leaders of 17 countries, 3 government delegations, and PLO Executive Committee Chairman 'Arafat attended the summit. The recent summit will go down in the history of the League of Arab States with its clear-cut stand of firmly supporting the Palestinian people in their resistance against Israeli occupation, and their unanimous will to call a Middle East World Conference. The communiqués adopted around the summit were the reaffirmation of, and supplement to, the 1982 Fes plan of Arab countries for the peaceful settlement of the Middle East issue. The recent summit has made new contributions to promoting the solidarity of Arab countries, supporting the just struggle of the Palestinian people under occupation, pushing forward the overall just settlement of the Middle East issue, and promoting the peace, stability and development of the region.

The recent special Arab summit focused on the Palestinian issue. In the course of the summit, the leaders of various countries held bilateral and multilateral meetings on many occasions to fully exchange their views on the key issue of the Middle East—the Palestinian issue. Unanimously, they highly praised and assessed the accomplishments and great significance of the struggle of the Palestinian people under occupation, and expressed their determination to provide necessary aid in all forms to guarantee the continuance of this struggle. The leaders participating in the summit pointed out that the Palestinian resistance against Israel, which has lasted 6 months, is an integral part of the Palestinian revolution, and has shown the "new awakening" of the Arab nation. This struggle has made contributions to Arab unity and cooperation, and dealt a heavy blow to Israel.

As PLO Executive Committee Chairman 'Arafat pointed out, the Arab countries have unanimously supported this just struggle, and the unanimity itself "is the greatest support to the Palestinian people." The relevant resolution adopted at the current summit has fully expressed

the unified stand of Arab countries. The summit has reaffirmed the principled Arab stand established in the Fes Plan, namely, Israel must totally withdraw from Arab territory occupied in 1976, and the decisionmaking power of the Palestinian people must be guaranteed; this includes the founding of an independent Palestine with Jerusalem as its capital. The resolution has focused on the demand to immediately put an end to Israeli occupation, and to put the occupied Palestinian territory under a United Nations trust, while providing it with necessary protection to make preparations for the realization of the rights of the Palestinian nation. Public opinion has noted that the resolution has "appealed to the U.S. Government to change its existing Middle East policy." While criticizing the United States for its bias in favor of Israel, the resolution has expressed that they "will continue contact with the five permanent members of the Security Council." The resolution "rejects any plans that deny the legitimate rights of the Palestinian people," without singling out Shultz's proposal. The summit resolution expresses its support for calling a Middle East Peace World Conference under the sponsorship of the United Nations, with the participation of the five permanent members of the Security Council and all conflicting sides, including the PLO. The resolution has also proposed the specific way to implement the Fes Plan. This is a powerful force to push forward the calling of the Middle East World Conference.

Another characteristic of the recent summit was the further development in the trend of Arab reconciliation. During the summit, bilateral and multilateral talks were frequent. Some bilateral relations characterized by deep resentment against each other have markedly relaxed. The breakthrough in the relations between the host country Algeria and Morocco will likely lead to the five Maghreb nations negotiating to found a regional cooperation organization in a form similar to the Gulf Cooperation Committee. Both Palestinian-Syrian relations and Jordanian-Palestinian relations are developing. On the issue of Egypt returning to the League of Arab States, Kalibi stated that it would be studied and decided at the Riyadh Summit in November this year.

The recent summit was filled with an atmosphere of straightforwardness, understanding, and active negotiation. The expected aim was achieved in unifying their positions, taking effective common action, and all-around support of the Palestinian people in resistance against Israel. The results of the summit will exert positive effects on the Middle East situation and the peaceful development of the region.

**XINHUA Visits 'Captured' Afghan Garrisons**  
*OW1306124188 Beijing XINHUA in English*  
0547 GMT 13 Jun 88

[“Feature: Wrecked Military Garrisons in Afghanistan’s Paktia Province (by Qi Deliang and Tang Shuifu)”—XINHUA headline]



[Text] Alikhel, Eastern Afghanistan, June 13 (XINHUA)—The Alikhel garrison, which was one of the biggest strongholds of the Soviet-Afghan troops in Afghanistan's Paktia Province bordering Pakistan, now presents [the] scene of a wrecked army camp as it is being strewn with broken tanks and vehicles, destroyed helicopters and military hardware as well as devastated houses.

The garrison, about 30 kilometers from the Afghanistan-Pakistan border, is situated in the headquarters of Jaji District of Paktia Province. It was captured by the Afghan resistance forces on May 16, one day after the Soviet Union began withdrawing its troops from Afghanistan under the UN-mediated Geneva accord signed by Pakistan, the Moscow-installed Kabul regime, the United States and the Soviet Union.

Around the garrison, we saw Afghan guerrillas still busy clearing the cantonment. They were collecting logistics left behind by the fleeing Afghan troops.

Piles of uniforms, stacks of weapons and dozens of unopened boxes of ammunition littered the garrison. Three tanks and two armored personnel carriers were seen scattering [as received] inside the garrison in perfect condition.

A guide of Afghan guerrillas told us that three ammunition depots of Alikhel based on 10 barracks were captured by Muslim guerrillas. It has already taken two weeks for them to carry munitions from the garrison to their bases and fronts by vehicles and mules.

The capture of Alikhel garrison is one of the successful military operations launched by the seven-party Alliance of Afghan Mujahidin (holy-war fighters) during the past one month. The seven main resistance groups made operational plans together and joined hands in mounting attacks on the garrison.

The Afghan guerrillas had tightened the encirclement round the Alikhel garrison since the beginning of May. With the pullout of Soviet troops except some advisers, the 600 Afghan troops in the cantonment were extremely demoralized.

The resistance forces' attack, launched from surrounding hills, was so sudden and intense that the Afghan troops had no chance to recover. Human bodies were littered all over the area, torn to pieces by the attackers' missiles and artillery shells. The fleeing Afghan soldiers had to abandon the ammunition depots since they had no time to destroy them or carry the munitions along with them.

Several days later, the Kabul regime sent a number of aircraft to bomb the Alikhel garrison in an attempt to destroy the ammunition depots. However, the planes

had been forced to turn back by the fire of Afghan guerrillas. In the cantonment, we saw many holes on the ground. One of them was about five meters in diameter and two meters in depth.

Mohammad Wali, one of the guerrilla commanders participating in the battle, told us that the capture of the Alikhel garrison is important as it controls the guerrillas' supply routes to Wardak, Logar, Kabul and Parwan provinces. It means that the guerrillas' travel-time to Kabul, capital of Afghanistan, will be reduced from six days to just one day, he added.

Under the escort of eight Afghan guerrillas carrying loaded rifles, we were travelling from the border to the Alikhel garrison in a four-wheeled Japanese pickup, taking extraordinary care to avoid anti-personnel mines.

We were told that all the area from the border to the Alikhel garrison is replete with mines. Whenever we got off the vehicle to take photos, the guide would remind us not to keep our feet off the road for fear that explosion might take place. Guerrillas said that it is a herculean task to defuse the mines due to absence of mine detectors and experts.

The thickly-forested Jaji District, which abounds in natural beauty, has been deprived of its picturesque quality and green landscape dotted with destroyed military trucks, army personnel carriers and burnt houses, trees, orchards and clothes.

As we were travelling, all the area presented a deserted look, resulting from the scorched earth policy of the Soviet-Afghan troops. Not a single village was either inhabited or had escaped devastation by ravages of war.

After concluding our visit to Alikhel garrison, we continued the journey to the Narai garrison which was captured by Afghan resistance forces on the same day the Alikhel garrison fell into the hands of the guerrillas.

The pickup sometimes was travelling in streams and sometimes on rough roads. Along the way, several decaying bodies of Soviet and Afghan soldiers were seen lying in a river valley.

Narai, which was garrisoned by 800 Soviet-Afghan troops and 1,000 militias of the Kabul regime, is 14 kilometers southwest of Alikhel.

The garrison is on the top of a mountain overlooking valleys with a strategic position to control the supply route leading to the Pakistan-Afghan border. During the past few years, the Afghan resistance forces had tried to capture Narai garrison but they failed because of its strategic location and difficulty of access.

As we reached the garrison, a number of guerrillas were busy pulling down houses for collecting metal materials to be sold to factories across the border. Many houses are built underground.

Abdulghani, one of the prominent commanders of the Islamic Party of Afghanistan, told us that during the battles to capture the two garrisons, at least 400 Soviet-Afghan troops were killed. Meanwhile, he noted, over 50 guerrillas lost their lives and 150 were wounded.

Abdulghani claimed that the Afghan resistance forces have captured more than 50 Soviet-Afghan garrisons and security posts during the past one month. They are expected to capture more in the days to come, he added.

**XINHUA 'Feature' on Afghan Camp Life**  
*OW1506004088 Beijing XINHUA in English*  
*1022 GMT 14 Jun 88*

["Feature: An Afghan Resistance Camp in Border Mountains (by Qi Deliang and Tang Shuifu)"]—XINHUA headline]

[Text] Fatah Camp, Afghanistan-Pakistan border, June 14 (XINHUA)—At the top of a mountain, dozens of Afghan guerrillas are sitting beside anti-aircraft guns and keeping vigilance to meet any possible attack by Soviet-Kabul planes on their camp in this mountainous area.

The camp, which was set up in 1984 and is called Fatah, serves as rear support base for the guerrillas of the Islamic Party of Afghanistan, one of the components of the seven-party alliance of Afghan Mujahidin (Holy-War Fighters).

Hundreds of shacks made of piled-up mud and stones are scattered in a large area of the mountainside. The camp is situated close to the snow-capped Sikaram Peak, which glistens under the sunshine.

The thickly-forested mountain on the Afghan side of the border is an ideal site for the guerrilla camp, which regularly houses 800 freedom fighters. Tucked into the folds of the mountain for protection, the camp is nearly invisible.

Abdul Ghani, general commander of the camp, told the correspondents that Mujahidin fighting in Lowgar, Vardak, Kabul, and Parvan provinces often come here to fetch weapons and ammunition. Some guerrillas take a rest in the camp for 1 or 2 months and then go back to the fronts, he noted.

Abdul Ghani served in the government army 8 years ago. Due to his close relations with the guerrillas, he was sent to jail. He joined the Afghan resistance forces after he was released in 1985.

As we were looking around the camp, the correspondents saw some guerrillas cleaning their Kalashnikov rifles while many others busy constructing stone houses for storing weapons and munitions. Several hundred metal and wooden boxes full of weapons and ammunition were lying in the open air.

In front of a house which is used as the camp's headquarters, there are two Soviet-made cannons and an anti-aircraft gun positioned in the center of the camp. "The cannons and gun are for the training of guerrillas," a guerrilla said.

The camp commander told the correspondents that the Afghan resistance forces captured a large number of weapons and munitions when they occupied Ali Khel and Naray garrisons in Paktia Province bordering Pakistan last month.

Abul Ghani claimed that 300,000 guerrillas are fighting inside Afghanistan and vowed that the Mujahidin will continue their armed struggle until all the Soviet troops are withdrawn and an Islamic government is set up in the country.

On the top of the mountain, the correspondents saw a 9-year-old boy standing near a security post. When we asked why the boy was allowed to stay here, one of the guerrillas said smilingly, "He is also a Mujahidin." He is learning how to use weapons to fight the Soviet-Kabul troops, the guerrilla added.

A security officer of the camp told us that in the camp there are dozens of Kabul soldiers captured by the Mujahidin. They usually do the construction work inside the camp. The Mujahidin are friendly with them but some of them have lost contact with their families because telecommunications have been cut off in many parts of the country.

The condition here seems better than that in Afghan refugee camps in Pakistan. There is a generator in the camp and most of the houses have electric lamps. But they seldom use the lamps in order to save fuel. There are also several tubewells in the camp and water is said to be enough.

A mosque is built in the camp. The peace life [as received] is set by the military training, and, more than anything, by the five daily calls to prayers. They begin at dawn and end in darkness with Mujahidin lining up in rows in the mosque, praying for victory.

However, vegetable is short of supply here. Every body can only take "nang" (flour cakes) or rice three meals a day. Sometimes, they take several vitamin tablets.

"We have to be used to the condition. We are confident that our condition will be improved in future," the camp commander said.

**Senior Kabul Official Joins Resistance Forces**  
*OW1006094688 Beijing XINHUA in English*  
0724 GMT 10 Jun 88

[Text] Islamabad, June 10 (XINHUA)—A Kabul Foreign Office official has defected to the Afghan resistance forces and is busy preparing a new resistance news agency, resistance sources said here today.

Ghous Amir was deputy chief of Law and Treaty Wing in the Kabul Foreign Office before he defected to the resistance, the sources said.

Amir had served as second secretary in the Afghan Embassy in Czechoslovakia. But the Afghan secret police "Khad" got suspicious about his activities in 1985 and sent him behind bars on charges of having relations with the resistance, the sources added.

He was released after one year and reinstated as senior officer in the information department. Two years ago he took over as the deputy chief of Law and Treaty Wing in the Foreign Office in Kabul.

An Afghan parliamentarian, who is a retired general, also joined the resistance last month along with his son, a high-ranking officer in the Kabul Army.

**Afghan Resistance Leaders Meet on Government**  
*OW0906014088 Beijing XINHUA in English*  
0941 GMT 8 Jun 88

[Text] Islamabad, June 8 (XINHUA)—All the leaders of the seven-party Afghan resistance alliance will meet today at their headquarters and make some very crucial decisions including the composition of the cabinet of their Interim Government, resistance sources said here today.

The 12-member cabinet, headed by Engineer Ahmad Shah, will be announced in 2 or 3 days along with the portfolios of the ministers, the sources said.

The Supreme Council of the Resistance Alliance in their meetings over the last few days has already finalized the blue print of the Interim Government and future line of action.

The Supreme Council comprising all front-line leaders of the resistance forces will also deliberate on various reports submitted by the commissions regarding administrative distribution of humanitarian assistance, coordination among the field commanders, and gaining confidence of the Afghan people for its policies inside Afghanistan, the sources added.

Engineer Gulbaddin Hikmatyar, the current president of the alliance, on June 15 will hand over his office to Pir Ahmad Gilani, chief of the Afghan Islamic Front, for another 3 months, as there is no indication of extension in the tenure of Gulbaddin, the sources said.

Maulvi Younas Khalis, who was elected chairman of the alliance on permanent basis, resigned some 3 months ago on health grounds, thus reviving the earlier arrangement of the alliance to rotate chairmanship between the component parties every 3 months.

Two component parties of the alliance, the Afghan Islamic Society, headed by Prof. Burhanuddin Rabbani, and the Afghan Islamic Allies, headed by Prof. Sayyaf, are reported to have been working in the last month and have decided to merge the two parties into a new party, the same sources said.

It has also been decided that Rabbani will head the new party, while Sayyaf will be the deputy head, the sources said.

**Afghan Civilians Fearing Fighting Flee Jalalabad**  
*OW1506002188 Beijing XINHUA in English*  
0556 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA)—Several hundred residents of Jalalabad have quit the important Afghan army garrison town in recent days in fear of attacks, according to a report Monday.

Several families who reached resistance forces near Khogiani, a small village south of Jalalabad, said that the city's population fears war and is ready to flee, AGENCE FRANCE-PRESSE reported.

Jalalabad is the capital of Nangarhar Province and was the first town to be evacuated by Soviet forces May 15 under the Geneva accord. However, it was reported that about 500 Soviet advisers remain behind.

Afghan resistance sources said Soviet troop reinforcements arrived in Jalalabad last Thursday in four transport planes. As well, the Afghan Government army has established a number of posts around Surkh Rud, a small town a few kilometers west of Jalalabad on the road to Kabul to help defend the town if the route to the capital is cut.

**West Europe**

**Ambassador Yu Lixuan Received by Finland's Ahde**  
*OW1406225988 Beijing XINHUA in English*  
1543 GMT 13 Jun 88

[Text] Helsinki, June 13 (XINHUA)—Speaker of the Finnish Parliament Matti Ahde received China's newly-appointed Ambassador to Finland Yu Lixuan and had a friendly and cordial talk with him today.

Ahde, who came to visit Beijing by the first Finnish airliner earlier this month, said that China and Finland shared a traditional good relationship and the newly-started Helsinki-Beijing air line would further promote the relationship and cooperation between the two countries.



The Chinese Ambassador Yu Lixuan said that the friendly relationship between China and Finland has been actively developed and hoped the Finnish Parliament and the Chinese People's Congress strengthen contacts and cooperation.

**West Germany's CDU Opposes Nuclear-Free Europe**  
*OW1506022088 Beijing XINHUA in English*  
1423 GMT 14 Jun 88

[Text] Bonn, June 14 (XINHUA)—Federal Germany's Christian Democratic Union (CDU) still opposes a nuclear-free Europe.

A resolution favoring the nuclear-deterrent strategy of the North Atlantic Treaty Organization (NATO) was adopted today at the party's 36th annual conference.

However, even though the resolution recognizes the Atlantic Alliance as the base for Federal Germany's security, it also calls for an active development of relations with the Soviet Union and other Eastern European countries.

The CDU declared that maintaining security with military means does not contradict a policy of active dialogue, and it stressed that arms control and disarmament should be continued step by step while fewer weapons are used to secure peace. The motion, while emphasizing partnership with the United States, says that NATO's European countries should take more responsibility for building their own security with their own political and economic strength. With the improvement of U.S.-Soviet relations, the CDU says, there is more room for political activity between Western and Eastern Europe, and it feels cooperation between the two Germanys should be strengthened.

The party believes that more power should be given to the European Parliament, and that the European Community should be developed into an economic, technological, and security alliance, with a unified market.

Violence on human rights all over the world and apartheid in South Africa are condemned by CDU, but it also refused to support economic sanctions against South Africa.

**British Labour Party Split Over Nuclear Dispute**  
*OW1506054788 Beijing XINHUA in English*  
1831 GMT 14 Jun 88

[Text] London, June 14 (XINHUA)—Britain's opposition Labour Party was thrown into a new crisis today by the sudden resignation of its defense spokesman Denis Davies, who strongly accused Labour leader Neil Kinnock of trying to change the party's nonnuclear defense policy.

In a dramatic move, the 49-year-old shadow defense secretary announced his resignation in the small hours to a reporter of the PRESS ASSOCIATION, Britain's domestic news agency.

Davies, who had held the defense portfolio for 5 years, said, "I have resigned as Labour Party defense spokesman. I am fed up with being humiliated by Mr. Kinnock. He never consults me on anything."

"He is clearly his own defense spokesman. I am fed up with trying to carry the can for him," he added.

Nine days ago, Kinnock said in a television interview that he no longer believed "something-for-nothing" unilateralism was appropriate after the U.S.-Soviet intermediate nuclear forces treaty (INF).

His statement distanced the Labour Party from the nonnuclear defense policy on which it fought and lost the last two general election in 1983 and 1987.

Describing the Labour leader's shift as "the last straw," Davies said, "I certainly don't agree with what he said on television."

"We were supposed to have a review and he just went off on to the television to give his own policy. He goes on television and he talks about defense, but he never talks to his defense spokesman," he said.

His resignation, without direct parallel in recent times, was made without even consulting Kinnock.

Kinnock expressed surprise and sadness at Davies' resignation. "He had given me absolutely no hint of his feelings directly or indirectly. He knows that shadow cabinet members can contact me any time of the day or night," he said on television.

Kinnock immediately appointed Martin O'Neill, Davies' deputy, Labour's new shadow defense secretary.

Kinnock has been trying to remould the party's policies after Labour's third successive defeat at last year's general election, which swept the Conservative Government of Prime Minister Margaret Thatcher into its third term.

A major review of Labour policies, including defense, has been under way since last autumn, with the view to making the party more attractive to middle-of-the-road voters.

Today's sensational resignation by Davies highlighted differences within the party over the defense policy.

Observers here said that it is clear that the Labour Party is in a new crisis and Kinnock is facing serious difficulties.

**Pugwash Workshop Lauds USSR on Arms Control**  
*OW1506054288 Beijing XINHUA in English*  
0630 GMT 14 Jun 88

[Text] Geneva, June 13 (XINHUA) — The recent Soviet approach to conventional arms control is an important step forward and it deserves attention of all, an East-West arms control working group said.

Scholars, public figures and military experts from the United States, the Soviet Union and Europe favored the Soviet approach at the 16th Pugwash Workshop on reducing and restructuring nuclear and conventional forces, which was held in Geneva from June 11 to 13.

The Soviet approach was put forward by Soviet leader Mikhail Gorbachev at the U.S.-Soviet Moscow summit in May and described publically by Soviet Foreign Minister Eduard Shevardnadze and Col-General Nikolay Chervov of the General Staff of the Soviet Union Armed Forces (GSSUAF).

According to Colonel Vassiliy Grishayev of the GSSUAF, who was among the participants of the Pugwash Workshop, the Soviet approach consists of an initial complete exchange of official data on conventional forces, with resolution of disagreements by on-site inspections, preparatory for negotiating the elimination of existing imbalances in conventional weapons.

**'News Analysis' on Challenges Facing West Europe**  
*OW1206184988 Beijing XINHUA in English*  
1601 GMT 11 Jun 88

["News Analysis: Chances and Challenges Facing Western Europe (by Le Zude)"] —XINHUA headline]

[Text] Brussels, June 11 (XINHUA)—A breakthrough has emerged in the relations between Eastern and Western Europe after the U.S.-Soviet Moscow summit, which an official of the European Community (EC) described as the "detente in Europe" within the context of the "general East-West detente."

The EC and the Council for Mutual Economic Assistance (CMEA) initialled a joint declaration on Thursday, thus ending 15 years of talks between the two organizations on establishing official ties.

Meanwhile, the Soviet Union and Democratic Germany expressed the wish to respectively set up bilateral ties with the EC and other CMEA countries are also ready to make a "similar demand."

West European countries view such repeated gestures of detente by the Soviet Union and its East European allies as new "chances and challenges" and are prepared to make an active response.

The new development actually provides chances for the community in two respects.

First, the "thaw" of the relations between Eastern and Western Europe would contribute to the strengthening of interdependence between the two sides and peace and stability in Europe.

Willy de Clercq, EC commissioner for external relations and trade policy, recently made a new interpretation of the "big family of Europe." He said East and West European countries can "share risks and possibilities" in the "big family."

Once a war broke out in the continent, De Clercq stressed, it would in any case be a "catastrophy" for both the victor and the loser. He called for the elimination of the "atmosphere of hostility and non-confidence" between the two sides.

In addition, the community hopes to strengthen bilateral ties with individual East European countries after the establishment of official ties with the CMEA, in a bid to encourage their independent tendency from the Soviet Union.

Second, West European countries hope to exploit the East European market, especially at a time when the trade situation between the two parts of Europe is considered by the EC as "uninspiring."

In 1987, EC and CMEA had a trade volume of 52 billion dollars, which only accounted for 6.6 percent of the total EC trade. Furthermore, the community suffered a deficit of 4.9 billion dollars in its trade with Eastern Europe.

The community is also looking forward to developing economic cooperation with East European countries. By the end of 1987 the Soviet Union and other East European countries had signed 166 joint ventures with the West, according to a report issued recently by the UN European Economic Committee.

The establishment of joint ventures is beneficial to both sides and will surely serve to improve the conditions for their economic and trade cooperation, the report said.

For example, East European countries will get capital and technologies they need from the West and in return West European enterprises can profit from the low production costs and get local materials.

However, Western Europe has to decide whether it can use the chance of the East-West detente to develop cooperative relations with Eastern Europe.

Western Europe is undoubtedly facing more serious competition with the United States and Japan as the United States will be able to cut its military expenditures and improve its financial and economic conditions after signing the intermediate-range nuclear forces treaty and Japan is trying to break into the West European market.



Though the United States favors close contacts between Eastern and Western Europe, it is still worried that the Soviets will make use of Western Europe economically.

Meanwhile, West European countries are also worried that the Soviet Union will pose a threat to them when it becomes more powerful. Therefore, they are cautious in negotiations with East European countries on the development of cooperation.

Nevertheless, Western Europe is not willing to "miss the opportunities." De Clercq said recently that the community would meet new possible challenges and head for a more prosperous Europe and a more stable future along with its Eastern neighboring countries.

### East Europe

**Poland To Provide Equipment for 'Spark Plan'**  
*HK1306091588 Beijing CEI Database  
in English 13 Jun 88*

[China Economic Information (CEI) Database]

[Text] Warsaw (CEI)—Poland will provide technology and equipment for 19 projects under the "spark plan" of China according to a Sino-Polish memorandum signed recently.

The 19 projects include the packing of yoghurt, the processing of fruit juice, strawberry and mixes feed, the refining of edible vegetable oil, the production of fiber boards, furniture, aluminium doors and windows, portable freezer and tunnel freezer and the import of breeding sable and silver fox.

The "spark plan" is a comprehensive plan proposed by the Chinese State Science and Technology Commission to popularize new technology in the countryside.

**CPPCC's Zhou Meets Hungarian Newspaper Editor**  
*OW1406203388 Beijing XINHUA in English  
1116 GMT 14 Jun 88*

[Text] Beijing, June 14 (XINHUA)—Zhou Peiyuan, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, met and feted Soltesz Istvan, editor-in-chief of [the] Hungarian newspaper "MAGYAR NEMZET", and his party here this evening.

The Hungarian visitors arrived here this morning as guests of "RENMIN ZHENGXIE BAO" (THE PEOPLE'S POLITICAL CONSULTATIVE CONFERENCE PAPER).

**Broadcasting Agreement Signed With CSSR**  
*OW1406115088 Beijing XINHUA in English  
0810 GMT 14 Jun 88*

[Text] Beijing, June 14 (XINHUA)—Liao Hansheng, vice-chairman of the Standing Committee of the Chinese National People's Congress, met here today a Czechoslovak broadcast delegation led by Jan Risko, director-general of the Czechoslovak Broadcasting Station.

The delegation arrived here June 12 at the invitation of China's Central People's Broadcasting Stations. Risko and the Chinese station's Director-General Yang Zhengquan signed a cooperation agreement on broadcasting yesterday.

**Albania Limits Cadres' Terms to 5 Years**  
*OW1406174888 Beijing XINHUA in English  
1512 GMT 13 Jun 88*

[Text] Tirana, June 12 (XINHUA)—The Politburo of Albanian Labour Party Central Committee decided that all cadres in charge of personnel, housing, and labour and capital will work for a maximum term of five years.

The Albanian newspaper, THE VOICE OF PEOPLE, [ZERI I POPULLIT] reported today that the decision is made to make cadres "preserve a perfect image," "abide by law" and "overcome subjectivism, bureaucracy and liberalism."

"Only loyal, competent and hard working people should be put in charge of these departments," the paper said.

It said some Albanians often "put pressures on the cadres of the departments concerned and gain profits by dishonest methods."

Rotating is the most effective way to prevent these problems, it said.

### Latin America & Caribbean

**Wu Xueqian Meets WHO Regional Director**  
*OW1506003688 Beijing XINHUA in English  
1034 GMT 14 Jun 88*

[Text] Beijing, June 14 (XINHUA)—Chinese Vice Premier Wu Xueqian met here today Dr. de Macedo, regional director for the Americas of the World Health Organization (WHO), as well as ministers and senior officials of public health from Brazil, Colombia, Mexico, and Venezuela.

Wu told the visitors that although China and Latin America are separated by a long distance, they belong to the Third World. China and Latin American countries should cooperate with each other in medical and public health work in order to improve their medical conditions, he said.

He also briefed the visitors on China's independent, peaceful foreign policy and the process of its reforms and opening to the outside world.

The visitors are here as guests of the Chinese Ministry of Public Health. Chinese Minister of Public Health Chen Minzhang is scheduled to host a dinner for the visitors here this evening.

### **Brazilian Army Minister Begins Visits**

#### **Dines With PLA's Xu Xin**

OW1406040888 Beijing XINHUA in English  
1601 GMT 13 Jun 88

[Text] Beijing, June 13 (XINHUA)—Xu Xin, deputy chief of the general staff of the Chinese People's Liberation Army, gave a dinner here today for Gen. Pires Leonidas Goncalves, Brazilian minister of the army, his wife and their party.

In the morning, Xu Xin held a welcoming ceremony for the Brazilian visitors.

The visitors arrived here on a week long goodwill visit to China at the invitation of the Chinese Ministry of National Defence.

#### **Meets With Qin Jiwei**

OW1406172788 Beijing XINHUA in English  
1201 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA)—There exist broad prospects for friendly cooperation between the two armed forces of China and Brazil, State Councillor Qin Jiwei said here this evening.

Meeting with Brazilian Minister of the Army Gen. Pires Leonidas Goncalves, Qin, also minister of national defense, said that with the constant growth of bilateral relations in political, economic, scientific and technological fields, there is also a good beginning for contacts between the two armed forces.

He expressed the belief that Leonidas' visit will contribute to the promotion of mutual understanding and friendly relations between the two armies.

Leonidas, the first leader from the Brazilian Army to visit China since the two countries established diplomatic relations in 1974, said that his visit will provide another chance for the two armies to make contact and cooperate with each other.

He said he also hoped for closer relations between the two countries.

### **NPC's Xi Zhongxun Meets Brazilian Delegation** OW1106233988 Beijing XINHUA in English 1019 GMT 11 Jun 88

[Text] Beijing, June 11 (XINHUA)—Xi Zhongxun, vice-chairman of the National People's Congress Standing Committee, met here today with a delegation from the party of the Brazilian Democratic Movement, led by Secretary-General of the Constituent Congress Marcelo Cordeiro.

The Brazilians arrived here yesterday as guests of the Chinese Communist Party.

### **Zhejiang Governor Entertains Ecuadoran Bankers** OW1406222788 Hangzhou ZHEJIANG RIBAO in Chinese 7 Jun 88 p 1

[Text] Governor Shen Zulun feted the delegation of the Central Bank of Ecuador in the Xihu Guesthouse on the evening of 6 June.

Mr Fernando Sevilla Herrero, president of the Central Bank of Ecuador, and his party, which totaled seven persons, visited China at the invitation of the head office of the People's Bank of China. During their stay in Hangzhou, the delegation will hold discussions on economic, financial, and trade contacts between the two countries.

Also present at the meeting were Chen Guoqiang, president of the Provincial People's Bank, and relevant personnel from the head office of the People's Bank of China who accompanied the guests.

### **Panamanian Freighter Auctioned in Qingdao** OW1006234488 Beijing XINHUA in English 1610 GMT 10 Jun 88

[Text] Qingdao, June 10 (XINHUA)—A Panamanian-registered freighter was sold here by auction Thursday.

The Jiangsu Ocean-Shipping Company acquired the freighter, Las Salnas, for a bid of 300,000 U.S. dollars.

A local maritime court had ordered on 24 May that the freighter be auctioned to pay debts to a shipping company in South Korea.

The company had initiated its legal action in April and the court ordered the vessel, anchored at Qingdao, to be seized pending the captain rendering a financial statement.

But the captain refused to abide by the ruling and so the court citing international and domestic law went ahead with the auction.

A judge from the court said it is the first time a foreign-registered ship has been auctioned in China to clear a debt since the country's Supreme People's Court passed regulations last August permitting the legal action.

**Trinidadian Women's Group Meets Tian Jiyun**

*OW1106010788 Beijing XINHUA in English*  
*1018 GMT 10 Jun 88*

[Text] Beijing, June 10 (XINHUA)—Chinese Vice Premier Tian Jiyun met a women's delegation from Trinidad and Tobago, led by Gloria Henry, minister of community development, welfare and status of women, here today.



**Bank Chief Says Devaluation 'Under Study'**  
*HK1506045688 Hong Kong AFP in English*  
0448 GMT 15 Jun 88

[Text] Beijing, June 15 (AFP)—China is studying the possibility of devaluing its currency, the yuan, Bank of China President Wang Deyan said here Wednesday.

The question is currently "under study," Mr Wang told a press conference, adding that in line with international practice, he would reveal neither the percentage nor the date of the devaluation.

A decision to devalue the currency would be taken by the People's Bank of China, the country's central bank.

Western banking sources here confirmed that it was likely China would devalue the yuan some time in the coming weeks, perhaps even before the end of the month.

China last devalued its currency in July 1986, when its value was trimmed by 15.8 per cent against a basket of Western currencies.

**New State Planning Commission Inaugurated**  
*OW1506125988 Beijing XINHUA in English*  
1150 GMT 15 Jun 88

[Text] Beijing, June 15 (XINHUA) — The new State Planning Commission, the largest department managing China's national economic and social development, was officially inaugurated here today.

The commission will be run by a committee headed by Vice-Premier Yao Yilin. Among the 18 leading members; in addition to the commission's vice-ministers, there are also heads of departments under the State Council.

According to Fang Weizhong, one of the vice-ministers, there are 26 departments with a total staff of 1,200, which is 41 percent less than that of the former State Planning Commission and Economic Commission, which were disbanded in the recent reform of the set-up of the State Council. About 88 percent of the cadres are college graduates.

**Yao Yilin on Commission Tasks**  
*OW1506124888 Beijing XINHUA in English*  
1137 GMT 15 Jun 88

[Text] Beijing, June 15 (XINHUA) — The most urgent task of the State Planning Commission is to get involved in research into the country's price and wage reforms, and propose a resolute and stable plan, Chinese leader Yao Yilin said here today.

Speaking at a meeting inaugurating the founding of the commission, Yao Yilin, vice-premier and minister in charge of the commission, said China's reform has reached a crucial period, during which the problem of prices must be solved.

He said the Chinese Government would take about five years to coordinate the relation between prices and wages.

He said, "From now on, the commission should start making plans for the national economy which will be suited to the price and wage reforms in 1989, development plans for the last two years of the Seventh Five-Year Plan period (1985-1990) and the Eighth Five-Year Plan period (1991-1995), as well as put forward suggestions for the year 2000.

The vice-premier said that, while making long-term plans, the commission should also supervise production, markets and foreign trade in the latter part of this year, and coordinate the cooperation between departments and programs so as to ensure normal industrial and agricultural production.

The former State Planning Commission and Economic Commission were disbanded in the reform of the State Council. The newly-formed Planning Commission is a high-level organ in charge of overall management.

The vice-premier said the working focus of the commission will be shifted onto the making of development strategies, industrial policies and important technological economic policies; medium- and long-term plans; and using various regulations and laws to comprehensively and coordinatedly carry out management.

He pointed out that the commission should formulate a new working style. All its staff should be willing to serve the people, and be modest and honest in performing their official duties.

He said, "Everything the commission does should be based on science. Commission members should speak less, do more, overcome bureaucracy and improve their work efficiency."

**RENMIN RIBAO Editorial Notes 40th Anniversary**  
*HK1506120088 Beijing RENMIN RIBAO in Chinese*  
15 Jun 88 p 1

[Editorial: "Get a Clear Understanding of the Situation and Our Duties—Commemorating the 40th Anniversary of the Inauguration of RENMIN RIBAO"]

[Text] Today, 15 June 1988, marks the fact that RENMIN RIBAO has already attained 40 unforgettable years of life. Now, as we stand at the juncture between the past and the future and looking ahead at the great trend of development of China and the world, our excitement is beyond description.

Our party, our people, and RENMIN RIBAO as well, have undergone 40 years of trials and hardships, 40 years of successes and setbacks, and 40 years of sufferings and joy. History has cast its shadow on the life of RENMIN RIBAO, and RENMIN RIBAO has left its footprints on history. RENMIN RIBAO's fate is closely bound up with that of the party and the people. It is our greatest desire to better serve the party's and the people's cause.

While this newspaper is entering its 5th decade, our country is now at an important point of history. As staff members of the official newspaper of the CPC Central Committee, which serves as the mouthpiece of the party and the people, we are clearly aware that our good will alone is far from enough for us to run RENMIN RIBAO well. To fulfill this goal we must make sure that we are accurately sensing the pulse of the time and correctly estimating the developing situation. Only when we can correctly understand the situation will we be able to live up to the important mission history has entrusted to us.

Reform, opening up, and the four modernizations have now become the main theme of our era. Therefore, in evaluating the situation we must focus our attention on the situation in reform. Actually how is the present situation in reform in China? Has the situation turned for the better or worse after 10 years of reform? Has the economy developed or declined? Has our national power increased or decreased? Has society prospered or withered? Has the people's livelihood improved or worsened? The correct answers to all these questions will not only serve as an evaluation of the reform but also an orientation for our future efforts. Without comparison there will be no appraisal. We need not look up all the previous annual government work reports, nor do we need cite data released by the State Statistics Bureau. Simply looking at the economic development of our own localities and units, the development of all other undertakings, and the living standards of most families in this country, and simply making an unbiased comparison between the present situation and that of 10 years ago, we can immediately find that reform has truly brought a fundamental turn for the better in our country's fate and real benefits to the majority of the people, despite some problems and difficulties that remain unsolved.

Then, at what stage is the reform now? The reform has now arrived at such a crucial stage that we will have to undergo the serious trials presented by the price and wage reforms ahead. If we agree that the reform was less difficult and risky in the past 9 years, then the present reform must be much more difficult and will involve rather great risks. We have to squarely face and go through this critical stage if we are to accomplish the switch from a closed and hidebound mode of product economy to a new order under an open socialist commodity economy full of vigor. As Comrade Deng Xiaoping has pointed out: "Suppose we are not going to introduce an all-round reform of commodity prices and wages and to straighten out the price relations, there is no doubt that we will still be able to fulfill our second

goal in raising China's living standards to a well-to-do level by the turn of the century. But it will be difficult for us to fulfill our third goal, namely, to catch up with moderately developed countries within 50 years by the middle of the 21st century." The foundation that we have laid down and the experience that we have obtained in the reform in the past 9 years serve as favorable conditions for the successful completion of the commodity price and wage reforms.

How should we deal with all kinds of negative phenomena existing in party and government organs and in society nowadays? First, we must, of course, take a clear-cut stand in exposing and opposing some corrupt practices involving staff members of party and government organs and some unhealthy tendencies in society. It is necessary to sternly deal according to law with those who violate the law and disrupt discipline, to run the party strictly, and promote honesty in government operation. At the same time, we must be clearly aware that there are always various loopholes in laws, policies, systems, and practical work during massive social reform and the transition from an old structure to a new one, and those who seek personal interests by making use of their official power and all kinds of lawless persons can take advantage of these loopholes. Negative phenomena like these can hardly be avoided. And we must not return to the old closed and hidebound system in face of these negative phenomena, because by doing so we will go counter to the interests and desire of the vast number of people. Persisting in, speeding up, and deepening the reform is the only way to overcome all kinds of negative phenomena. When the economy booms in the wake of the establishment of the new order of socialist commodity economy and the great development of social productive forces, all these negative phenomena will surely be eliminated once and for all.

In a word, at present, reform in our country has reached a critical point. At such a critical point, we will encounter more difficulties, and face more contradictions. At such a point, it is easier for us to waver ideologically, and our discipline tends to be lax. It is all the more necessary for us to strengthen our ideological, political work, to reinforce education in ideals and discipline, to further carry forward democracy, to perfect our legal system, and to resolutely safeguard the political situation characterized by stability and unity. Ours is a vast and populous country with a very backward economic and cultural foundation. It is impossible for us to properly carry out such an unprecedented and extremely complicated and systematic social project without the staunch leadership of the party and government, and the struggle of the people throughout the country with an aim of promoting their unity. We should resolutely defend the authority of the party and government, and the unity of the people throughout the country. We should resolutely defend the stability of the society, and create a good environment for speeding up and deepening reform. The future of China lies in reform, the invigoration of our nation is closely connected with reform, and the happiness of the

people is determined by reform. The right and wrong of our words and deeds should be tested by the most important criterion of whether they are beneficial to reform, and to the efforts aimed at "invigorating the Chinese nation, and realizing the four modernizations."

We are taking the risks of reform, and surmounting the difficulties. The heavy task of history is placed on the shoulders of the party and government. It is also placed on the shoulders of each and every party member and citizen. "Every man has a share of responsibility for the fate of his country." In the ranks marching toward the four modernizations, each and every unit, or individual occupies his own place, and has a role to play. Over the past 10 years, RENMIN RIBAO, as an organ of the party Central Committee, has always firmly stood in the forefront of propagating reform, safeguarding reform, and promoting reform. The efforts it has made have been positively affirmed by the party and the people. On the occasion of marking its 40th anniversary, central leading comrades have written inscriptions, or verses for RENMIN RIBAO. We have received letters and cables from various parts of the country. All this shows great concern for us, sincere expectation of us, and is a powerful spur on us. We are profoundly encouraged and even more aware of our responsibility.

To commemorate a glorious history is to create a bright future.

We should maintain and carry forward the good tradition of seeking truth from facts, further emancipate our minds, propagate the policy of reform and opening up more effectively, and boost people's fighting will.

We should be bold in making exploration, and have the courage to blaze new trails. We should carry out press reform in a positive and stable manner, and strengthen supervision by mass media. We should accurately and promptly transmit the ideas of the higher levels to the lower levels, and make the situation at the lower levels known to the high levels. We should more fully fulfill the due functions of the organ of the party central committee.

We should more closely rely on the people, faithfully reflect the voice of the people, and serve our readers wholeheartedly. We should turn our newspaper into a readable, reliable, and amiable paper, so that it will become a helpful and bosom friend of the readers.

Under the guidance of the spirit of the 13th CPC National Congress, we are determined, and are full of confidence in running RENMIN RIBAO still better, and making it a more dynamic newspaper which people like, so that it will play a still greater role in the building of socialism with Chinese characteristics.

### Zhao Praises Daily

OW1506080988 Beijing XINHUA in English  
0705 GMT 15 Jun 88

[Text] Beijing, June 15 (XINHUA) — In honor of the paper's 40th anniversary, the "PEOPLE'S DAILY" has pledged to be more interesting and informative and become more actively involved in reform.

To mark the event, Zhao Ziyang, general secretary of Chinese Communist Party, called the paper a medium which serves the party's Central Committee and the masses.

Greetings from Deng Xiaoping and other high-ranking Chinese Communist Party and government officials appeared on today's front page.

In a red headline editorial the paper said, "China's reform is at a critical point, and the current price and salary reform is important for the country to meet goals set for the end of this century."

"Success of the reform requires a stable social environment and unity of the masses," the paper said, "and it is the paper's responsibility to help maintain this stability and unity and push on the reform."

According to the editorial, the "PEOPLE'S DAILY" should publicize party policies and air opinions accurately.

On the eve of the celebration, when Hu Qili, member of the Standing Committee of the Political Bureau of the CPC Central Committee, visited the "PEOPLE'S DAILY," he encouraged all the paper's staff to make the paper a driving force in leading the masses forward.

### State Leaders Send Congratulations

OW1506140788 Beijing XINHUA Domestic Service  
in Chinese 0629 GMT 15 Jun 88

[Text] Beijing, 15 Jun (XINHUA) — RENMIN RIBAO marked its 40th anniversary today. The party and state leaders and the revolutionaries of the older generation sent inscriptions or letters to RENMIN RIBAO to greet the newspaper on this occasion, calling on the paper's staff to bring into full play the spirit of seeking truth from facts, opening up new paths, creating new ways of doing things, and running the paper well.

The leading comrades who sent letters and inscriptions to mark the 40th anniversary of the RENMIN RIBAO included Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng, Chen Yun, Wan Li, Li Xiannian, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, Qiao Shi, Hu Qili, Yao Yilin, Wang Zhen, Li Ruihuan, Bo Yibo, Lu Dingyi, Hu Qiaomu, and Ulanhu. In his letter of greetings, Zhao Ziyang, general secretary of the CPC Central Committee, called on the RENMIN RIBAO to vigorously and steadily carry out journalism reform



according to the guidelines laid down by the 13th National Party Congress, continuously open up new paths and create new ways of doing things, and turn RENMIN RIBAO into a newspaper welcomed by the masses.

Yesterday afternoon, Hu Qili, Standing Committee member of the Political Bureau of the CPC Central Committee, visited RENMIN RIBAO on behalf of the party Central Committee to greet the comrades there. In his speech, he quoted Deng Tuo's poem "Arouse lofty sentiments in one's whole life; whip up a nationwide high tide which soars to the sky." He pointed out: Today we have finally ushered in the favorable situation of a nationwide high tide. At a time when RENMIN RIBAO is entering its fifth decade, our country is also entering a crucial period. We are confronted with the question: How can we do a still better job in shouldering our historical, weighty task? I believe all the paper's comrades will become even more mature and work even more enthusiastically to meet this challenge, and do a still better job in fulfilling the task assigned them by the party. They will fill the paper with vigor and turn RENMIN RIBAO into a paper cherished by the broad masses at home and abroad, into a true mass media that helps our party to unify and educate the people, echoes the voice of the masses, facilitates the flow of information, enriches theories, promotes reform, and becomes a banner of our party to lead the people in forging ahead.

To mark the 40th anniversary of its founding, RENMIN RIBAO today also carried an editorial, entitled: "Get a Clear Understanding of the Situation and the Responsibility." The editorial said: China's reform is at a critical point right now. It is impossible to achieve reform and complete this unprecedentedly arduous and complex social system engineering project without the strong leadership of the party and the government and without the strenuous efforts of all the people in the country who work hard in unity. We must resolutely help maintain the prestige of the party and the government, firmly safeguard unity among all the people in the country, unswervingly maintain social stability, and create a fine environment for accelerating and strengthening reform.

The editorial pointed out: To mark the glorious past is aimed at creating a bright future.

We must maintain and carry forward the fine tradition of seeking truth from facts, further emancipate thinking, and do a still better job in giving widespread publicity to the reform and open policy, and arouse the fighting will of the people.

We must boldly explore new paths, courageously create new ways of doing things, actively and steadily carry out journalism reform, strengthen supervision by public opinion, in an accurate and timely way convey the ideas from the higher level to the lower level and vice versa, and play a still better role as the official newspaper of the party Central Committee.

We must even more firmly rely on the people, faithfully echo the voice of the people, wholeheartedly serve the readers, and turn RENMIN RIBAO into a readable, trustworthy, and cordial newspaper, and truly make it become the people's helpful and true friend.

#### **Security Spokesmen Denies Students Arrested**

HK1506110688 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0942 GMT 15 Jun 88

[Text] In an interview with reporters today, Public Security Ministry spokesman Wang Jingrong [3769 2529 2837] talked about the student sit-in at the gates of Zhongnanhai on 10 June.

According to Wang, the State Educational Commission spokesman pointed out that a small number of students of certain special training courses, without sanction of the government and the educational administrative department, had come to Beijing to demand that the state acknowledge their academic diplomas. They went so far as to refuse to listen to advice from the relevant departments, resorted to erroneous practices including a sit-in, and interfered with normal government work. The sit-in by some students from Changchun at the Zhongnanhai gate fell into this category. In view of their interference with normal government work and violation of public security regulations, it was necessary for the public security organ to put a halt to their action according to law. However, none of the students have been apprehended or taken into custody.

The Public Security Ministry spokesman also denied reports from some foreign news agencies that the students had been beaten up by policemen, saying that these reports were a distortion of the facts and sheer fabrication.

#### **Remarks of Deng Xiaoping, Zhao Ziyang Studied**

HK1506034188 Hong Kong WEN WEI PO in Chinese  
14 June 88 p 2

["Special Feature": Article by Chin Yao-ju (6855 5609 1172): "A Further Study of the Remarks of Deng Xiaoping and Zhao Ziyang"]

[Text] Deng Xiaoping, the first generation Marxist revolutionary of the CPC, advised President Chissano of the country of Mozambique "not to practice socialism, or at least socialism in general terms..." CPC General Secretary Zhao Ziyang also advised him "not to develop a state-owned economy as China does, but to develop an individual economy as much as possible."

These two pieces of advice, summed up from theory to practice and from practice to theory again through 30 years of experiences and lessons in China, provide a scientific answer for the question of whether a Third World country where capitalism is still underdeveloped or in embryo should take the socialist road. This is a major breakthrough occurring since the international communist movement led by Lenin and Stalin: An

independent nation that has freed itself from colonialism or semicolonialism should take the capitalist road and not the socialist road! I dealt with this point in an article entitled "Studying Remarks of Some CPC leaders" published in WEN WEI PO on 9 June. Now I would like to explain it further.

The reason why I say it is a major breakthrough occurring since the international communist movement led by Lenin and Stalin, instead of by Marx and Engels, is that it was Lenin and Stalin, and not Marx and Engels, who explicitly pointed out that the national movements in colonial and semicolonial countries throughout the world had been linked and would triumph together with the world proletarian revolution and would embark on the common road of socialism. In the final analysis, they had only two theoretical bases to support their argument: 1) The bourgeoisie was decadent and capitalism was in its death throes, therefore colonial and semicolonial countries and regions in the world would not take the decadent, moribund capitalist road; 2) lingering on by enslaving and exploiting colonial and semicolonial countries, decadent, moribund capitalist countries would absolutely not allow these colonial and semicolonial countries to develop their capitalism to compete with them.

Let us take a look at how Lenin explained this. In the "Awakening of Asia" published as early as 7 May 1913, Lenin said: "The awakening of Asia and the seizure of political power by advanced proletarians in Europe mark a new period of world history revealed in the early 20th century." Eleven days later, that is, on 18 May, Lenin said in an article "Backward Europe and Advanced Asia": "In advanced Europe, only the proletariat is the advanced class, whereas the bourgeoisie is engaged in barbarous, cruel, and evil atrocities to maintain the moribund capitalist enslavement system." His conclusion was: "However, proletarians in different civilized countries are the reliable allies of the young Asia and its millions upon millions of laborers. No force in the world can arrest the victory of the proletariat, which will definitely liberate the people in Europe and Asia." These two sentences made it very clear that capitalism was decadent and in its death throes in Europe and that the proletariat would definitely liberate the European and Asian people from capitalist enslavement and exploitation. Which road would they take after liberation? They would, of course, take the socialist road under proletarian leadership. Three years later, that is, in 1916, Lenin pointed out in an article entitled the "Socialist Revolution and National Self-Determination" that the struggle for national determination and political democracy "should cater to the masses' direct revolutionary struggle for overthrowing the bourgeois government and realizing socialism." Thus the struggle of the people in colonial and semicolonial countries for national self-determination was included in the sphere of the international communist movement aimed at overthrowing the bourgeois government and realizing socialism.

A year later, that is, in 1917, Lenin asserted in an article "Imperialism, the Highest Stage of Capitalism" that "capitalism is parasitic and decadent in nature" and that "it must be said that imperialism is transitional capitalism or, to be more exact, moribund capitalism." His conclusion was: "Private economic relations and private ownership have become casings incompatible with their components. If... then they will certainly become rotten. It is possible that... but they will inevitably be eliminated." Therefore in the prefaces to the French and German editions of the article in 1920, Lenin asserted: "Imperialism is the eve of the proletarian social revolution. This has been proved throughout the whole world since 1917." The meaning was obvious: The whole world had entered the proletarian revolutionary era of "eliminating private economic relations and private ownership."

Highly confident in defeating imperialism, Lenin mobilized the Russian people in breaking through a weak point of imperialist forces in Russia and winning victory in the Russian proletarian revolution, thus negating Marx' thesis that it was impossible for socialism to triumph in one country. This set a pioneering example for the international communist movement at that time. In this sense, the negation of individual theses of Marx was the revision and development of Marxism. We should remember his contribution.

But subsequently, international communists, including Lenin himself, forgot this fact: Although at that time Russia was an imperialist country, it was basically a country with the small-peasant economy under tsarist feudal military dictatorship; capitalism in the country had not independently developed and was still controlled by Britain, France, Germany, and Belgium, and the Russian bourgeoisie was still very weak. Therefore the Russian Bolshevik communists could take advantage of World War I to overthrow the utterly isolated Russian feudal regime and the young bourgeoisie. Obviously, building socialism on the rudimentary basis of modern capitalism and industrial production was running counter to Marx' and Engels' theory on scientific socialism. Apart from this, he also used this concept to guide the struggle of the people in colonial and semicolonial countries throughout the world directly on to the socialist revolution. But at that time the Chinese proletariat had not come into being, nor had the Communist Party. The CPC was founded 9 years after the publication of Lenin's thesis. Communist parties in other Asian countries were founded even later this, but Lenin went so far as to include the Asian national movement in the socialist revolution. Using "practice as the only criterion for judging truth," we know that Lenin's concept was neither a universal truth to be observed throughout the world nor a truth absolutely and completely applicable to Russia. Lenin discovered not long after the Bolshevik party overthrew the Kerenskiy bourgeois government that it was very difficult to build socialism on the basis mainly composed of the small-peasant economy. So in 1921 he began to exercise the "new economic policy."



This policy was implemented until 1936. This new economic policy mainly consisted of the following measures: The surplus grain collection system was replaced by the grain tax payment system; major efforts were devoted to commercial development; capitalist individual economic sectors were allowed to exist within certain limits; the forms of leasing and renting were introduced to attract foreign capital and develop state capitalism; and the relations of commodities and money were used to restore and develop industry and agriculture. It took the country 15 years to make up the capitalist lesson. But what a pity, they did not revise the theory on guiding the national movements in colonial and semicolonial countries on to the socialist road.

What about Stalin? This authoritative theorist who wrote the "Foundation of Leninism" did not add anything to the "new economic policy." However, he further developed Lenin's revolutionary theory on linking the national liberation movements in colonial and semicolonial countries with the socialist revolution. In an article entitled "Again on the National Question" published in 1925, Stalin said: "The international situation has fundamentally changed. The war and the Russian October Revolution have turned the national question, which was originally a part of the bourgeois democratic revolution, into a part of the proletarian socialist revolution." Subsequently, in many articles and speeches on national liberation movements throughout the world, he asserted: National liberation movements throughout the world are a part of the world socialist revolution; because the decadent, moribund imperialist countries are worried about the increase in the number of competitors in the commodity economy and commodity market, they will not allow colonial and semicolonial countries to develop capitalism after their liberation; national liberation movements can triumph only with the support of the socialist Soviet Union and the world proletariat, therefore their new point of departure after their victory will be building socialism.

Lenin and Stalin asserted that capitalism was decadent and in its death throes and that colonial and semicolonial countries would not be allowed to develop capitalism for fear that they might compete with capitalist countries. Let us take a look at highly developed modern capitalism and its powerful vitality. Supported and raised by the winner nations of the United States, Britain, and France, loser countries including Japan and West Germany have rapidly built economically strong capitalist countries on the ashes remaining from the war; colonial and semicolonial countries and regions in Asia including Hong Kong, Taiwan, South Korea, and Singapore have become economically strong for the last 20 years, and they are now referred to as the "four small dragons in Asia." These facts fully refute Lenin's and Stalin's assertion. Modern capitalist countries are coordinating with each other, expanding their camp, and competing on the basis of mutual assistance and mutual benefit. Their vitality is difficult to measure. This does not indicate that socialists are afraid of the existence and

development of capitalism; socialists have much confidence in developing their productive forces, consolidating their socialist economic bases, continuously perfecting their socialist political and economic systems, carrying out peaceful competition with capitalism, and coexisting and thriving with it for a long time to come.

In a word, proceeding from the experience in the Soviet revolution alone and from its own socialist mode, Lenin and Stalin regarded the national liberation movements in colonial and semicolonial countries as a part of the proletarian socialist revolution and asserted that the urgent task after the victory in the movements was to build socialism. This thesis does not have any basis in Marx' and Engels' theory on the "development of utopian communism into scientific communism." The experiences of the Soviet Union, East European countries, China, Korea, and Vietnam in their socialist construction have also proved that this thesis is not a universal truth.

Therefore, after engaging in socialist construction for as long as 40 years, the CPC has profoundly understood that to achieve its targets, China must boldly go back to the initial stage of socialism and use all methods and measures, including capitalist ones, to develop the social productive forces and the commodity economy, to learn from the strong points of capitalism to offset the weak points of socialism, and to change poverty in socialist society. This is the reason why Deng Xiaoping advised Mozambique and other Third World countries "not to practice socialism" and why Zhao Ziyang advised Mozambique and other Third World countries "not to develop a state-owned economy as China but to develop private economy as much as possible." Socialism can be practiced only after industrial and agricultural production as well as the commodity economy have highly developed.

We cannot help but admire the political insight and boldness of vision of the CPC in carrying out such self-criticism and self-correction. We cannot help feeling happy at its bold decision in discarding Lenin's and Stalin's rules and precepts and in negating their unfounded theory on utopian socialism and the national liberation movements in colonial and semicolonial countries. We admire all the more its attitude of not conducting self-correction in secret and its being above-board in giving advice to the leader of the Third World country on its positive and negative experiences, so that he can avoid taking the same old disastrous road.

It can be said that the remarks made by CPC leaders Deng Xiaoping and Zhao Ziyang on behalf of the central policy making authorities were a major breakthrough from the traditional "leftist" theoretical system. These remarks will produce extensive, far-reaching, and beneficial influence on China and the rest of the world.



**Commentator Views Materialist Ideological Line**  
*HK1406140988 Beijing LILUN YUEKAN in Chinese*  
*No 5, 25 May 88 pp 1-2, 27*

[Commentator's article: "The Great Victory of the Materialist Ideological Line"]

[Text] The discussion on practice being the only criterion for judging truth that took place 10 years ago was a discussion of great importance to the future and destiny of the party and the state and was an ideological emancipation movement of far-reaching, historic significance that encouraged party members, cadres, and the masses to free themselves from the binds of "leftism" and superstition, from dogmatism characterized by the "two whatever's," and from ideological rigidity. It was also a genuine victory of Marxism-Leninism Mao Zedong Thought in China, and a great victory of the materialist ideological line!

It was not accidental that the discussion could proceed extensively on the vast Chinese soil. The discussion was the result of the profound review by Chinese party members and people on the serious harm of "leftist" mistakes for the previous 20 odd years and on the 10-year calamity during the "Cultural Revolution," was a profound expression of the loyal support of the party and the people for the Marxist-Leninist line represented by Comrade Deng Xiaoping, and was a powerful proof indicating that the party is completely able to correct and overcome its mistakes and shortcomings. Comrade Deng Xiaoping was the first to point out the necessity to perfectly and accurately understand and master the scientific system of Mao Zedong's Thought. He also explicitly expressed his opposition to the viewpoint of the "two whatevers" aimed at upholding Mao Zedong's mistakes in his later years. Subsequently, together with Comrades Hu Yaobang and Luo Ruiqing, he unswervingly supported the further carrying out of this discussion. Not long after this, the 3d Plenary Session of the 11th CPC Central Committee made a high appraisal of the significance of the discussion and sharply pointed out: "A party, a state, or a nation should not proceed from bookism or ideological rigidity in whatever it does, otherwise it will not be able to go forward and maintain its vitality, and the party and the state will perish." This was a historic summation of the discussion.

Like the 1942 party rectification movement, which made ideological preparations for the victory in the Chinese democratic revolution, this discussion served as a universal and profound educational movement on Marxism-Leninism Mao Zedong Thought in the entire party and among the whole people, and also made ideological preparations for a series of brilliant victories in China's socialist modernization, reforms, opening up to the world, and diplomatic field after the 3d Plenary Session of the 11th CPC Central Committee. It was on the basis of this discussion that the 3d Plenary Session of the 11th CPC Central Committee laid down the ideological line of proceeding from reality, seeking truth from facts, and

combining theory with practice. Under the guidance of this materialist ideological line, the CPC Central Committee began to bring order out of chaos and to reunderstand socialism, thereby enabling the party to firmly persist in economic construction and closely adhere to the four cardinal principles and the strategic policy of overall reform and opening up to the world. As a result, the national economy has witnessed a continuous, steady, and prosperous growth; a political situation of unity and stability has emerged; the country's economic strength and the people's livelihood have markedly improved; progress has been made in perfecting the socialist democratic legal system and carrying out socialist spiritual civilization; a strategic change has taken place in the guiding principles for national defense; diplomatic arrangements have been adjusted, improved, and focused on the two major issues of peace and development; and agreements have been signed with Britain and Portugal on the questions of Hong Kong and Macao according to the principle of "one country, two systems." In a word, a profound change obvious to all has taken place in our country over the last 10 years. Now under the guidance of this correct ideological line, we are carrying out continuous explorations and pioneering along the road of building socialism with Chinese characteristics by proceeding from the fact that the country is still in the initial stage of socialism.

The 10th anniversary of the discussion on the criteria for judging truth is not just for reconfirming its historic significance but is, by reviewing history, to further understand the importance of the fact-finding ideological line and the difficulties in establishing the line, so that we will be more conscious in implementing it and, under the guidance of this ideological line, be able to resolve problems and difficulties in the course of our advance, to study new problems and situations, and to score new successes in our socialist modernization, reforms, and opening up to the world.

Comrade Deng Xiaoping pointed out: Seeking truth from facts is a point of departure in Mao Zedong Thought and is its basic point as well. It is also the essence and core of Mao Zedong Thought and is the ideological basis, fundamental viewpoint, and fundamental method of Marxism and proletarian world outlook. Fundamentally speaking, all of the victories we achieved in the past and all of the victories we have achieved since the 3d Plenary Session of the 11th CPC Central Committee have been the results of the implementation of the ideological line of seeking truth from facts; and all of the setbacks and failures we have suffered have been the results of deviation from this ideological line. Only a correct ideological line can provide the necessary conditions for straightening out the political and organizational lines. This is a truth that has been repeatedly verified by practice. Practice has also proved that it has not been easy to put this ideological line into effect. It takes arduous efforts to apply this materialist ideological line to a certain field, let alone

applying it to all fields in complicated reforms. Therefore it is important for us to raise our consciousness, to overcome subjectivism, and to take a serious attitude toward dialectical materialist world outlook. In this way we will be able to gain the initiative in testing our ways and methods of thinking and in applying the materialist ideological line. The purpose of reviewing the discussion that took place 10 years ago is to draw the people's attention and enthusiasm to the ideological line in face of new problems and difficulties.

Comrade Zhao Ziyang pointed out not long ago: The study of the 13th congress documents and spirit should "focus on further emancipating the mind." (RENMIN RIBAO 7 February 1988) This is also a requirement for implementing the materialist ideological line. To really use practice as the only criterion for judging truth, it is necessary to pay meticulous attention to practice and to take a conscientious attitude toward the creativeness of the masses in practice; and only when we emancipate our minds and consider problems independently and in a fact-finding manner, will we be able to show respect for practice and the creativeness of the masses. Otherwise, we will get entangled in outmoded conventions and regard new things beneficial to the development of the productive forces and the socialist cause as of a capitalist nature and suppress them. Therefore it is all the more important to further emancipate the mind in the course of implementing the materialist ideological line along with reforms and opening up to the world. Only thus can we continuously deepen reforms and further emancipate the productive forces. Of course, the emancipation of the mind cannot be carried out arbitrarily, still less should we go off into wild flights of fancy. Contrary to this, the essence of emancipating the mind is precisely seeking truth from facts. This is drawing a clear demarcation between our minds and ideological rigidity as well as bourgeois liberalization. The emancipation of the mind was closely combined with seeking truth from facts during the discussion 10 years ago, and this has brought about the emancipation of the social productive forces and the vigorous development of socialist modernization and has added to the vitality and liveliness of the party. The further emancipation of the mind that is being carried out now should also focus on this point.

The 13th party congress summed up the rich experience in reforms and opening up to the world for the last 9 years and took the development of the productive forces as the first criterion for testing socialism. This is the development of the concept of practice being the only criterion for judging truth, during the initial stage of socialism in China, and is completely identical with the basic principle of Marxism that practice is the only criterion for judging truth. In other words, we should experiment, explore, and accept whatever is conducive to the development of the productive forces and the improvement of the people's livelihood in the course of reform and opening up to the world. Misgivings and the unwillingness of seeing the development of the productive forces, and talking about socialist principles in

abstract terms without taking account of the productive forces, will tear us away from the principle of practice being the only criterion. This is precisely where the root cause of "leftist" erroneous ideas lies. If we really want to use practice as the only criterion to judge truth, we should consciously regard the development of the productive forces as the first criterion for testing socialism, reforms, and opening to the world.

It should be pointed out that neither the practice criterion nor the productive forces criterion must be taken as a temporary or partial criterion. We should not view problems in an inert and isolated way; we should pay attention to this point when applying the practice criterion and the productive forces criterion. Practice refers to historical, social, and people's practice. When applying the practice criterion, we should watch for its immediate as well as long-term and overall results and also its positive and negative effects. In this way we will be able to weigh the advantages and disadvantages and make a correct decision. The application of the productive forces criterion should also follow this pattern. Only in this way will we be able to reduce mistakes and make conditions more favorable for reforms, opening up to the world, and socialist modernization.

When reform is being used to measure the overall situation today, so as long as we consciously persist in the materialist ideological line and adhere to the party's basic line for the initial stage of socialism, that is, one center and two basic points, we will certainly make new and better progress on the road of building socialism with Chinese characteristics!

**'Class Struggle as Key Link' Rejected**  
HK1406103088 Shanghai SHIJIE JINGJI DAOBAO  
in Chinese 23 May 88 p 15

[Article by Liu Zaifu (0491 0375 1788): "Forsake the Ideological Structure of 'Taking Class Struggle as the Key Link' and Create a Spiritual Environment Corresponding to Reform"]

[Text] Reform needs a corresponding favorable environment of public opinion and human conditions. The crux of the matter is "cultural mentality" of man which constitutes the main force of reform.

Reform is different in meaning from the traditional "revolution." As "revolution" is a struggle which smashes the old order and in which one class overthrows another, everything is coercive. Hence, the mentality of the main force of revolution is always acute, exciting, and ruthless. Although the task of reform also includes transforming the old system, its essential task is to establish a new order. It requires the mentality of the reformers to be constructive, healthy, harmonious, vigorous, and steady.



To create such a mentality, from the angle of a social science worker, I think the most important thing is to forsake the ideological structure of "taking class struggle as the key link" and replace it with a new ideological structure "focused on construction."

The ideological structure of "taking class struggle as the key link" led to many problems. For example, Marxism was one-sidedly regarded as a theory of struggle rather than of construction and building of a new society. This consequently gave rise to the following problems:

The distortion of policies, such as the "double hundred" policy. It was actually a correct policy for promoting scientific and cultural prosperity. Under the ideological structure of "taking class struggle as the key link," however, it became a tactic of class struggle and the means of "overall dictatorship." The purpose of the so-called "free airing of views" was to "restrict" and "lure the snake out of the hole." It was a train of thought derived from the ideological structure of "taking class struggle as the key link." Under such a train of thought, the forms of political movements, mandatory orders, and mass criticism were usually adopted to solve literature, art, and spiritual problems.

The qualitative change in relations: All relations between men were explained as relations between classes and many non-antagonistic relations became antagonistic relations characterized by "either the East Wind prevailing over the West Wind or vice versa." As a result, differences in artistic viewpoints and academic viewpoints and methods were exaggerated as the manifestation of class struggle and two-line struggle. Many problems of a literary and scientific nature became political problems. Hence, the major political movements regarded literature and art as the starting point.

The basic lesson in China's ideological and cultural work following the founding of the PRC was that all cultural phenomena were upgraded to class struggle under the control of the "leftist" ideological trend in the past which ran counter to the spirit of seeking truth from facts. Mr Yu Pingbo's research on the "Dream of the Red Chamber" was regarded as bourgeois thinking, the film "The Story of Wu Xun" was considered a reactionary film opposing the revolutionary road (the spirit of Wu Xun is disputable, but the film should not be considered a reactionary film), the play "Hai Rui Dismissed from Office" was regarded as preparing public opinion for usurping the party and seizing power, and Deng Tuo's essays were treated as anti-party and anti-socialist poisonous weeds. All these phenomena derived from the ideological structure of "taking class struggle as the key link." This ideological structure caused great harm to the Chinese nation and undermined the sense of faith among people. It is a pity that this ideological structure and mode of thinking are still active. Hence, the general matters are usually exaggerated as problems of a certain tendency and normal academic discussions are regarded as a "challenge against Marxism." Discussion of an

ordinary academic topic may give rise to a series of political disputes. In my opinion, we should forsake this ideological structure and put an end to the practices which regarded literature and art as the barometer of class struggle. We should not exaggerate the effect of literature and art which may affect the forces concentrated by the Chinese nation to carry out construction. The problem should be solved by literary circles through the literary criticism mechanism and reader mechanism.

Abnormal psychology: Because of the sustained state of alertness, people's mentality has become unbalanced. They are always on the alert in class struggle. Thus, they feel that every bush and tree looks like an enemy and that "there are new trends of class struggle everywhere." With such an outlook, some leaders of the cultural and propaganda departments often try to blame literary and art works for "vilifying someone" and "advocating something" rather than think of ways to enrich the people's spiritual life. Because of abnormal psychology, people always regard politics as a "climate." They are fond of talking about the big and small political climate, guessing the personnel relationship of political leaders at top levels, and seeking life and spiritual comfort from hearsay. Reflected in reform and construction, such a mentality gives rise to a mood of "world doom" which has no confidence in the future, strives to get the business off one's hands after making a profit at one stroke, and lacks preparations for doing pioneering work, carrying out construction, and sacrificing one's life for the motherland's reform. Unless we put an end to such an abominable mentality, reform will encounter formidable difficulties.

Today the focus of our life has shifted from class struggle to economic construction. Correspondingly, we should substitute a new ideological structure for the ideological structure of "taking class struggle as the key link." The new ideological structure should be one "focused on construction."

The ideological structure "focused on construction" has the following new requirements:

1. Establish a measure and position of value corresponding to the modernization program. The measure of value should be applied to judge whether things are advantageous to the development of productive forces. In the field of literature, it is necessary to apply the measure of value to develop spiritual productive forces, enrich the spiritual life of the nation, and widen the nation's scope of vision.

Under the new measure of value, the position of many departments in the social general structure will have to be reassessed. For example, during the war years, all problems were related to life and death. Consequently, national struggle and class struggle were correspondingly raised to a high plane. Hence, the slogans of "saving the nation with science" and "saving the nation with education" were unacceptable at that time. During the period



of construction, however, education and science have become extremely important with the pressing demand of construction. Their position has also been raised to the center of society. In a sense, we should "build the country with science and education." Therefore, it is not enough to merely stress education subjectively. We should understand that education is an essential requirement of unified objective criterion for the development of human society. In other words, to develop society and the country's modernization program, it is necessary to build educational undertakings first and give prominence to education in the overall planning of state construction. Proceeding from the concept of value of building the country with education, while assessing the cadres at all levels of the government, I propose that the state should first assess their political achievements in education. Instead of focusing attention on the immediate "economic results" in cadre work, we should assess the "long-term effect" and strategic foresight of cadres.

While establishing the concept of value corresponding to the modernization program, it is necessary to earnestly increase the value of knowledge. On the one hand, we should upgrade the economic status of intellectuals and increase the reward for mental labor. Instead of opposing the floating prices in a general manner, we should adopt measures to maintain the living standards of intellectuals amid the floating prices. On the other hand, we should heighten the social and spiritual position of intellectuals. We should take particular note of making intellectuals spiritually happy. To make the whole society advance in the direction of pursuing knowledge, science, and culture, we should increase the attraction of knowledge and open up bright prospects to attract the young people.

To raise the social status of intellectuals, we should have faith in them and let them freely express their views rather than shout slogans every day and praise them to the skies. Intellectuals do not have high material demands. What they want is to live and work in peace and contentment, provided with the human conditions and social environment to carry out creative labor. If we change the creative labor characterized by free expression of views to repetitive, compulsory labor, that is, alienated labor which follows what others say and repeats certain dogma, intellectuals will suffer a great deal.

2. Establish relations of mutual trust and create a favorable, external human environment for reform. Under the ideological structure "focused on construction," the relations between men constitute relations between laborers and between builders. These are relations of contracted consultation and competition on the premise of abiding by the laws rather than the relations between life and death. We should use laws to affirm and stabilize these normal relations rather than apply the ideological method of "taking class struggle as the key link" which oversteps laws to divide people into revolutionary leftists and reactionary rightists. This division without legal

sense has created national mental suffering and break up. All sons and daughters of the Chinese nation have the duty to put an end to these man-made exhaustive struggles and wholeheartedly build their homeland.

3. Establish a healthy, stable cultural mentality and create an internal, spiritual environment for reform. The reformers should not have the psychological motive of taking advantage of reform. With the golden opportunity provided by history, they should be determined to make the country strong through reform. Proceeding from their own job, they should work hard, create new wealth for the motherland, and extricate the people from poverty. To this end, the reformers should have a stable mentality of doing pioneering work and construction for a long time and even sacrificing their lives for reform. With this spiritual environment, they will be able to withstand all difficulties and develop the undertakings of the motherland.

To create such a good cultural mentality, I think the following are essential: Above all, leaders at all levels should have a good mentality. Over the years the concept "taking class struggle as the key link" has penetrated the subconsciousness of leaders. Unintentionally, they are usually sensitive to certain literary and artistic phenomena and different views and are afraid of public comments. In fact, it is a good thing to hold different views. The fact that people dare to express different views shows that they trust the leaders and they are psychologically united. Uniform public opinion and a pond of stagnant water are not an indication of stability and unity. Having the courage to express one's own views after eliminating "taking class struggle as the key link" is the manifestation of genuine stability and unity and concerning oneself with state affairs.

Moreover, it is necessary to maintain the stability of policies. Actually, the cultural policies over the years have remained unstable. For example, the CPC Central Committee put forward the slogan of "freedom of creation, freedom of comment" at the Fourth Congress of Writers in 1985. It was absolutely correct. However, it became a problem in 1987. Over the past 2 to 3 years, many academic viewpoints have given rise to heated debate. Although my counterparts and I held different academic views, I discovered that both sides had one thing in common: We were dissatisfied with the instability and inconsistency of the policies. I should frankly say that many policy slogans which stirred up our souls in the past are deprived of their attraction because of their constant changes.

To maintain the stability of policies, I hope that the basic policies proved to be correct through practice will be legalized. The policies to be stabilized should be defined in the form of law and it is necessary to establish a system of law. In this regard, the system of law is still imperfect. So far we do not have laws for copyright and for ensuring cultural rights and interests. We should not overestimate the level of legal building. According to the

estimate of the government work report, "the situation whereby we have no laws to follow has basically come to an end." This estimate is not applicable to the field of literature because there are no laws to follow in this field. The frequent turbulences in cultural fields are closely related to the imperfect laws.

Furthermore, we should stop all political movements launched in "disguised forms." The essential factor affecting national mentality over the past 40 years is political movements. The CPC Central Committee has repeatedly stressed over the past decade that no political movements shall be launched. However, the leading cadres of some departments have not yet extricated themselves from the ideological structure of "taking class struggle as the key link." They usually exaggerate a general matter to a problem of a certain ideological tendency, apply various propaganda means, and even try to create a tense atmosphere by hastily declaring a "movement." This leads to a misunderstanding that a strategic change has been effected in the country, thus affecting the normal mentality of construction.

The ongoing reform in China and the modernization program are what generations of Chinese intellectuals have dreamed of. So long as the attention of the whole nation is focused on construction, we will certainly be able to overcome the difficulties at the initial stage of reform and win greater successes.

#### **Buddhism Institute Holds First Graduation**

**Wan Li, Other Leaders Attend**  
*OW1506035288 Beijing XINHUA in English*  
1506 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA) — The first group of 37 students graduated from the China Advanced Institute of Tibetan Buddhism here today.

At the ceremony, Bainqen Erdini Qoigyi Gyaincain, president of the institute, presented the students with diplomas and awards.

Most of the graduates were lamas or living Buddhas before they were enrolled by the institute.

Bainqen, also vice chairman of the Standing Committee of the National People's Congress, said that China has also opened Tibetan Buddhist institutes in Tibet and the provinces of Qinghai, Gansu, and Sichuan in recent years.

As China's only advanced and comprehensive Tibetan Buddhist college, the institute will offer courses for both undergraduates and graduates in the near future, he said.

He encouraged the graduates to make unremitting efforts to improve their knowledge.

Party and government leaders including Wan Li, Tian Jiyun, Li Tieying, and Zhao Puchu were also on hand at the ceremony.

**Panchen Lama Urges Buddhism Study**  
*OW1506003188 Beijing XINHUA in English*  
1035 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA) — Efforts should be made to promote the study of Tibetan Buddhism including its ideology and how it affects economics and scientific research, said Bainqen Erdini Qoigyi Gyaincain (the Panchen Lama) here today.

"This is essential not only for carrying forward the Buddha's heritage, but also to enhance the reputation of our culture," said the Panchen Lama, president of China's Advanced Tibetan Buddhism Institute. He made the remarks at the institute's first graduation ceremony.

He added that, in recent years, the Chinese Government has spent much money, manpower, and material in restoring monasteries.

Yet, refurbished monasteries are of little use without schools or institutes for teaching Buddhism, said Panchen, who is also vice chairman of the Standing Committee of the National People's Congress.

To date, China has established four other Buddhist institutes, one each in Tibet, Qinghai, Gansu, and Sichuan. Altogether they have a total of more than 300 students.

According to him, the founding of the institute last year, is a milestone in the history of Chinese Buddhism, and marks the historical reform of Tibetan Buddhism by organizing "living Buddhas" to study religion, politics, and other related subjects.

The Panchen Lama told all the graduates, 37 living Buddhas who are returning Tibet and Inner Mongolia, where they are from, that they should play an active role in both loving the country and Buddhism, thus be "excellent" Buddhist successors doing more in strengthening the national unity and maintaining world peace.

Zhao Puchu, president of the Chinese Buddhist Association and Ren Wuzhi, director of the Religious Affairs Bureau under the State Council also attended the ceremony.

When the ceremony is over, the graduates had pictures taken with, and met, Chinese state and party leaders including Wan Li, Tian Jiyun, Li Tieying, and Yan Minfu.

**First PLA Airborne 'Fist Platoon' Trained**  
*HK1506035788 Beijing CHINA DAILY in English*  
15 Jun 88 p 1

[Text] An airborne force of the Chinese People's Liberation Army (PLA) has trained a rapid response unit that is capable of landing by parachute at any place in Chinese territory within 20 hours in an emergency.

The newspaper LIBERATION ARMY DAILY reported yesterday that the unit, known as "Fist Platoon," has been specially formed. It is small in terms of manpower, highly mobile and multi-functional in order to be better suited to modern warfare.

Soldiers in the unit will use more up-to-date equipment and receive better treatment, but they will be required to go through much harder camp training exercises and wartime survival drills.

The paper said that coping with regional combat and emergencies has been a major part of PLA training and the Fist Platoon has displayed full competence in this field.

The report said that the existence of the rapid response force has filled many blank areas in China's parachute landing force, and the data and experiences gained by the unit have proved extremely valuable in the training of other army units and the study of warfare.

The unit was leading the way in a possible training reform process for the PLA, the report said, adding that the streamlined group could not only be economical but also set a trend for military construction during peace time.

In the wake of action to build up the strength of the PLA, the unit, which has already received much more financial aid for training than any other PLA unit, is in need of even more funds and supportive policies to turn it into a really elite fighting force, said the report.

In order to maintain a high standard of recruits within the Fist Platoon, the unit's military leaders have stipulated that soldiers shall not be removed unless it is absolutely necessary.

**Defense Education in Schools To Increase**  
*OW1406204488 Beijing XINHUA in English*  
1158 GMT 14 Jun 88

[Text] Shenyang, June 14 (XINHUA) — The unwillingness of young people to join the Armed Forces after they graduate from school is worrying authorities in northeast China, so they have determined to launch a national defense education campaign.

A recent survey by an army newspaper in six elementary and high schools in the city of Shenyang, capital of Liaoning Province, found that although the PLA (People's Liberation Army) has a fine reputation among young people, few are interested in joining after graduation.

Some students said, "Only by becoming workers, cadres, entrepreneurs or scientists can we help make China prosperous."

The survey by the journal, "QIANJIN BAO" of the Shenyang Military Area command was conducted among 507 students, and a small number of questions were designed for their teachers and parents to answer.

The survey result has attracted the attention of government authorities in the northeast. In an interview with the paper, a leading member from the Shenyang Education Bureau said that in one or two years' time almost all primary school pupils will be the only children in their families.

"Therefore, elementary defense education among them has become an important issue," he said, adding that unremitting efforts should be made in this respect.

The bureau has issued a circular to 1,400 primary schools in the city, asking them to include defense education in their teaching programs.

"We feel worried about the lack of awareness of national defense among school children and their parents," said Gu Changchun, deputy-secretary of the Jilin Provincial Party Committee.

**Serious Employment Situation Examined**  
*OW1406133088 Beijing XINHUA Domestic Service*  
in Chinese 1337 GMT 12 Jun 88

[By XINHUA reporters Wang Wenjie and Li Weiping]

[Text] Beijing, 12 Jun (XINHUA) — Cries for competition as a way to solve the employment problem are getting louder and louder these days, as there is a large number of "jobless" employees and the employment structure remains unreasonable. However, competition requires a reasonable environment.

When a high class hotel in Shanghai recruited workers last year and the year before, the number of applicants for the jobs was 10 times the positions open on both occasions. On the other hand, when a casting and forging factory in Shanghai tried to hire 10 workers from the labor market, only 2 people applied. One of them withdrew before he was hired. The only remaining applicant got only two points on tests in four cultural areas. In the end, however, the factory still hired him.



This huge employment gap between appealing and unappealing jobs has, on the one hand, caused the already large number of "jobless" in those trades where the work is a breeze and the pay is high or stable to grow even bigger. On the other hand, it has left those trades where the working conditions are poor and the wages less attractive, such as machine-building, textiles, chemical industry, shipbuilding, farm machinery, tanning, construction, geology, mining and environmental protection, in a limbo where they are facing the danger of finding no new workers. The textile departments are an example. The state-operated enterprises have not been able to fill some of the vacancies created through normal attrition. The eight large shipyards belonging to the China State Shipbuilding Corporation have not only found it difficult to hire new workers, but have seen a large drain of key production technicians in the past 2 years as well.

Within the enterprises themselves, the prevailing feelings are that "the first line is short of personnel, the second line is adequate enough, and the third line is swelling." According to a survey conducted by Harbin City, the number of workers assigned to first line posts of its enterprises account for only 38 percent of the total. The nation's average is below 50 percent. But the figure is 70 percent in the Shenzhen Special Economic Zone. If the ratio of first line workers of the enterprises is increased to the same level as in Shenzhen, then there would be 15.9 million more first line vacancies in China's enterprises.

One major cause of this phenomenon is the difference in material rewards. Industries like electronics and high-class guesthouses and hotels offer superior working conditions and their wage scales and welfare benefits are not bad either. In textiles, the chemical industry, tanning, and other such trades, however, not only is the work tiring, but there is noise and air pollution, and the wages and welfare benefits are not high either. Naturally, the former are hot and the latter icy cold to people competing for jobs. Workers at the first line posts in the enterprises are generally doing more demanding jobs, but their income is only a few yuan higher than the second and third line workers with the same qualifications. In addition, since the contracted responsibility system came into practice, it has become easier to evaluate their performance and they are more susceptible to fines if they fail to meet quantity and quality requirements. In contrast, those working at the second and third line posts are often free from such pressure. As the saying goes, they are like farmland that is "guaranteed for a stable yield despite drought or excessive rain." The difference being such, it is only natural for many workers to be interested in getting second or third line posts when competing for jobs.

Cadres, workers, and experts in various localities have made a number of suggestions on how to correct this unreasonable phenomenon concerning job competition. To sum up, these suggestions call for a combination of "controlling" and "opening" measures.

Controlling measures are needed with regard to those trades and posts that offer good working conditions and relatively high or stable pay and are attractive to job seekers. The prescribed number of personnel for these trades and posts should be cut to a minimum. At the same time, their amount of labor should be increased and the requirements for their labor quality should be more stringent. This should eliminate large numbers of job seekers for these trades and posts and also make it hard for those who win the job competition to keep the job for life. They must constantly work conscientiously in order to be worthy of their jobs and to keep it. Only in this way can we expect the swelling personnel for the hot trades and posts to subside fairly quickly.

Opening up measures should be taken with regard to hardship trades and posts. In other words, it is necessary to raise the political status of the workers in these trades and posts and increase their wages and welfare benefits. This should make the large number of "jobless" employed and the unemployed be envious and see that they must compete for job opportunities in these trades.

In short, it is necessary to use political and economic leverage to readjust the employment structure. Only when the environment for competition becomes reasonable will it become possible to improve the composition of the labor force and talented people, achieve the best arrangements among them, and correctly channel the flow of large numbers of the "jobless" employed and the unemployed in society to where they are most needed. This is exactly what the Harbin Songjiang Tractor Plant has done. The year before last, it started to increase the wages for workers doing production work at first-line posts. At the same time, it reduced the personnel of the second and third line posts and enforced a stricter job evaluation for them. The surplus personnel resulting from the streamlining measures were either assigned to first line work posts or listed as "extras" who are either given part-time jobs or asked to wait for job assignments. These surplus workers can only earn 50 percent to 75 percent of the regular wages. As a result, the plant is no longer a case where "the first line is short of personnel, the second line adequate enough, and the third line swelling" and there has been a marked improvement in its production results.

**Survey Highlights Graduates' Job Problems**  
*HK15060:5988 Beijing CHINA DAILY in English*  
15 Jun 88 p 3

["Special to CHINA DAILY" by Luan Lin]

[Text] China needs college graduates with a good knowledge of foreign trade, particularly in the fields of economic management, finance and foreign languages, especially English.

This was the finding of a recent survey conducted in the People's University in Beijing.

The capital's 27,000 college students who will graduate next month are busy contacting government departments and enterprises in their search for jobs.

An official working for the university's youth league committee said the State Education Commission will this year let the university itself plan the assignments of 30 per cent of the graduates.

Even three years ago, college graduates in China had no right to choose jobs for themselves. They compared themselves to products waiting in line to be dealt with by the government. But now the students are told to look for work themselves.

And on many campuses, teachers and students are discovering both good and bad points in their new found freedom, he said.

"Now schools can directly contact those departments that need college graduates. In this way, the school is able to find out what kind of students the society needs most, then it can establish corresponding departments and majors," he said, noting that the university was to set up departments for foreign trade studies.

He said the nowadays students are quite free to choose jobs which will enable them to use what they've learned, and so they study "with a goal in mind."

But some students and teachers are worried that university-assigned jobs make "backdoors" and connections more important than talent.

Zheng Min, a professor from Beijing Normal University agreed that the "backdoor" element may be too important in the new system.

Yes and No [subhead]

"From the point of view of free competition it is a good thing not to assign students to posts and to let them make their own choice. But there are some people who will just make use of the new system," he said.

Jiang Hongwei, a female student at the People's University raised another problem. She complained that some government departments and enterprises prefer unqualified male students to qualified females.

The People's University official said the government should take measures to eliminate problems in this field.

### Taxation of Foreigners Analyzed

HK1306041388 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English 13  
Jun 88 p 5

[By Gordon Fisher]

[Text] Taxation in China involves separate and, in some cases multiple, application of more than 30 different taxes.

Taxes range from those on turnover, resources, property and "behaviour" (an example of a behaviour tax being the slaughtering tax) to taxes on income and earnings, and retained profits and their utilisation, such as remittance out of China.

In simplified terms, the taxation system in China is divided into two broad divisions.

One division covers enterprises and individuals not involved in foreign investment (domestic) while the other is for enterprises and individuals involved in foreign investment (non-domestic).

This article will deal mainly with that part of China's tax system which deals with foreign investment and foreigners.

Taxes are imposed on profits generated within China and on the repatriation of those profits off-shore.

There are also turnover taxes levied by the Consolidated Industrial and Commercial Tax Law.

With respect to the major taxes imposed on such profit generation, there are a number of exemptions and preferential time-based reductions.

China achieves macro-economic regulation through its tax system, in relation to foreigners, by levying its taxes in a discriminatory manner.

For example, in those areas of activity where China perceives domestic enterprises should be encouraged, rather than the China trader, it imposes relatively higher taxes on the China trader.

Of course, the reverse is also true, and there are numerous tax exemptions and reductions afforded the China trader in those areas of activity in which China seeks to encourage foreign investment.

China also aims to develop its taxation system in general conformity with international tax practices and it has achieved this in large measure.

This has been done by entry into numerous double taxation treaties.

To date, China has entered into 19 double taxation treaties, and is currently negotiating at least two others, one of those with Australia.

When attention is paid to areas in which China favours the foreign investor, there is plenty of scope for generating profits in China which suffer tax at a relatively low rate.

When this is combined with judicial use, or indeed abuse, of double tax treaties, the bottom line is that the China trader can do very well out of his dealings with and within China.

There are seven taxable categories: individual, joint venture, foreign enterprise, consolidated industrial and commercial tax, real estate, custom duties and the vehicle and vessel licence tax.

Individual income tax is, as its title suggests, an income tax levied upon the individual, and it is levied regardless of citizenship.

It is levied according to residence and source.

As well be expected, the tax is imposed upon wages and salaries, and is imposed at progressive rates ranging from five percent to 20 percent. Other categories of income, like dividends, are taxed at a flat rate of 20 percent.

Since August last year the individual income tax has been cut by 50 percent.

The joint venture income tax applies only to equity joint ventures established under the Joint Venture Law, 1979.

It is levied at a flat rate of 30 percent, plus a local income tax of 10 percent; yielding an effective tax rate of 33 percent.

In addition, there is the "turnover" tax imposed by the Consolidated Industrial and Commercial Tax Law; and there is a 10 percent withholding tax imposed upon the profits remitted outside China.

The foreign enterprise income tax is one of general application to income earned by foreign businesses in China.

The tax imposed upon a foreign enterprise is imposed at progressive rates ranging from 20 percent to 40 percent, with the addition of the local income tax of 10 percent. Also, in the case of the sale of goods to China which do not normally attract tax, the foreign enterprise income tax will apply to such profit if the goods are sold in China through what is called a "permanent establishment".

In addition, the consolidated industrial and commercial tax (the turnover tax) will apply.

This tax is, essentially, a broad-based turnover tax and is imposed at various stages when goods and services are transferred or sold within China.

The tax rates range from 1.5 percent (for grey clothes) to 69 percent (for high-grade cigarettes).

Real estate tax is imposed upon the owners of land and buildings in urban areas. It is applied either to the value of the property as determined by a local real estate appraisal committee, or the rental received by the owner from a lessee. It is unlikely to be of much concern to the ordinary China trader.

Customs duties are levied on imports and certain exports.

For imports, certain commodities (other than those duty-free) are taxed on a non-general rate basis through a range from three percent to 150 percent (divided into 17 progressive thresholds).

On the general rate basis, duty is imposed in a range from 80 percent to 180 percent (also divided into 17 progressive thresholds).

In terms of duties on exports, there are eight categories of commodities which are subject to such duties, with rates ranging from 10 percent to 60 percent (divided into four progressive thresholds). Against, as with most Chinese taxes in the foreign related sphere, there are exemptions and reductions available.

The residence rules are enunciated in the individual income tax law and may be summarised in terms of four rules with, inevitably, exceptions.

—Individuals who are not residents of China are subject to tax only on income gained within China.

—Individuals who reside in China for less than one year are treated in the same way as non-residents. They are subject to tax only on income gained within China.

Those who reside in China but who do not do so for more than 90 consecutive days are exempted. However, this is only in relation to income for services performed within China where the income is paid by the employer outside China and is not borne by a permanent establishment of that employer within China.

—Individuals who reside in China for one year or more are subject to tax on their worldwide income. Again, there are exceptions.

It is worth noting the concept of residence in China is not interpreted as meaning physical residence, but rather the right to be physically present in China.



**Rural Industrial Exports Increase Rapidly in 1988**  
*OW1506001788 Beijing XINHUA in English*  
1458 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA) — Exports of China's rural industries showed a fast growth rate in the first five months of this year, a senior agricultural official said here today.

Chen Yaobang, vice-minister of agriculture, said at a press conference that from January to May rural enterprises turned out 30 to 40 percent more goods for foreign trade than they did in the same period of 1987.

According to Chen, 100 big foreign exchange earners were awarded the "Flying Dragon" prize at the first national selection of ace exporters among rural enterprises, which is jointly sponsored by the Ministry of Foreign Economic Relations and Trade, the Ministry of Agriculture and several newspaper agencies in the Chinese capital.

Average foreign exchange turnover of the 100 winners was 4.6 million U.S. dollars each last year, adding up to 10 percent of the total exports from the country's rural enterprises. A manufacturer of silk garments in Shanghai's suburbs took the first place with exports worth 13 million U.S. dollars in 1987.

Also, 46 rural enterprises were awarded the "Golden Dragon" prize for their quality products and 21 firms won the "Black Dragon" prize for newly-developed products that have a competitive edge in the world market.

Chen said that the selection was aimed at encouraging more rural manufacturers to engage in the export industry in line with China's new development strategy for its coastal regions.

Statistics from the ministry show that China has 88 million former farmers working in 17 million rural enterprises, whose total output value reached 476.4 Billion yuan last year, about 20 percent of the country's gross social product.

There are now 20,000 rural firms engaged in export production, and their foreign exchange turnover last year hit five billion U.S. dollars, including 4.3 billion from exports and 700 million from processing.

The total number of foreign-invested ventures started by rural enterprises and overseas partners had grown to 1,900 by the end of 1987.

Chen said that major problems faced by those engaged in exports include increased production costs caused by higher prices of raw materials, shortage of capital for readjusting their industrial structure, and lack of market information and channels for overseas sales.

He said that rural industries can now manufacture a wide range of products, "everything except nuclear bombs," and their small sizes and flexible management are easily adaptable to the competitive and changeable world market.

They have a huge potential to boost China's exports if necessary help and guidance are given, Chen said.

**Theoreticians on Private Business, Socialism**  
*OW1406195488 Beijing XINHUA in English*  
1216 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA) — Private business, which was denounced until recently as totally "anti-socialist", has been booming again in recent years, leading to heated discussions, especially among theoreticians.

Though they hold different views on the phenomenon, economists agree they should carefully study the current private sector of 225,000 enterprises and 3.6 million employees, a researcher from the Chinese Academy of Social Sciences said today.

The issues they show much concern with include the nature of private business and its relationship with the socialist sector, he said.

Some experts think that private firms, especially those which employ scores of workers for mass production, contain factors of exploitation and are therefore obviously "capitalist."

However, some hold that private enterprises have close links with their state-run counterparts in production and marketing methods, and the former are, in addition, subject to the supervision and administration of the state. By handing over taxes to the state, they play a supplementary role to the socialist economy and, therefore, are part of socialism.

But it is popularly believed that it is more important to observe whether private firms, especially those with many employees, have more merits than demerits in playing their parts in economic growth.

As for exploitation, theoreticians show three trends of thought.

Some simply say that there is no exploitation at all in private business since employees of private firms generally receive a higher salary than their counterparts working for state and collectively-run firms. Also, the employers make their incomes through labor such as by marketing goods, purchasing raw materials, and offering technical and quality checks.

Another group says that the existence of wage labor indicates a kind of exploitation.

Yet a large number of people consider that the socialist revolution in the past few decades has made citizens sensitive to the issue of exploitation. And it is unwise to openly discuss the matter, otherwise it will discourage the enthusiasm of both employees and employers.

Liu Shaoqi, former state president, said in 1956 that since the socialist sector could not meet all the needs of the people, there is a need to use private business as a supplement to the socialist sector.

This view, which was criticized during the 1960s and the first half of the 1970s, was reevaluated after 1978 and confirmed by Zhao Ziyang in his report to the Communist Party's 13th National Congress last October.

Statistics show that the output value from the private sector accounts for less than one percent of the total industrial output value in the whole country.

Xue Muqiao, a noted Chinese economist, called on people to judge private firms from a new angle. "We allow the existence of private businesses because we want to use them to better improve productivity and meet the material and cultural needs of the people."

**Countryside To Increase Grain Production**  
*HK1506075988 Beijing RENMIN RIBAO in Chinese*  
14 Jun 88 p 2

[Report by Xiao Junxi (5618 0193 3556): "The Vast Countryside Is Striving To Increase Autumn Grain Production To Make Up for a Low Summer Grain Yield"]

[Text] Summer grain and oil production is basically a foregone conclusion. People in China's vast countryside are losing no time to deepen reform, increase investments, apply comprehensive scientific and technological measures, and devote major efforts to autumn production, with the aim of reaping a good agricultural harvest this year.

This year central and local governments have strengthened their leadership over agriculture, monetary and material investments have increased, and effective scientific and technological measures have been introduced, thus bringing the peasants' initiative into play. The weather has been abnormal since last winter and this spring, and disasters have kept cropping up in southern and northern China, including drought, floods, storms, hailstones, and low temperatures. Summer grain output is expected to be lower than the planned target of increase. Therefore "increasing autumn grain production to make up for a low summer grain yield" has become the target for the central and local authorities and for the peasants as well.

The sown areas of early hybrid rice in northern provinces have increased by 11 million mu over those of last year. Most provinces (regions) in northern China are striving

to sow more and better and to exercise good management over the production of autumn grain and oil-bearing crops. Henan Province has interplanted 24 million mu of corn this year, the most ever. Shanxi Province has introduced dry farming technology to 16 million mu of land and has also expanded multiple cropping areas for autumn crops by 5 million mu. This year Heilongjiang Province has been hit by serious floods never witnessed for the last 30 odd years. The province has allocated 1.27 billion yuan for rebuilding flood-damaged lands and the peasants have also raised 850 million yuan for it. Also, the provincial government has spent \$35 million to import chemical fertilizers.

Scientific and technological structural reform has given a new impetus to agricultural production. Seventy percent of the agrotechnicians in Shijiazhuang Prefecture of Hebei Province have signed contracts with 83,000 peasant households for scientific and technological farming on 2 million mu of land, thus popularizing improved varieties of crops, patternized cultivation, and the method of prescribing different fertilizers for different farmlands.

**Agriculture Minister on Improving Field Yield**  
*OW1306190088 Beijing XINHUA in English*  
0801 GMT 13 Jun 88

[Text] Wuhan, June 13 (XINHUA) — China is to put more effort into cultivating medium- and low-output fields so as to increase its grain harvest, according to Minister of Agriculture He Kang.

The minister said, with a sharp decrease in agricultural investment and the number of farm workers in recent years, most of the medium- and low-yield fields are being neglected.

The main causes of deterioration of farmland are floods, droughts and salinization of the soil, he said.

China now has 93 million hectares of arable land, among which 67 million hectares are medium- or low-yield fields.

In 1987 China improved 2.7 million hectares of such poor quality land.

From 1988 to 1992, in order to achieve an annual increase of 19 million tons of grain, China plans to fertilize 21 million hectares of low- and medium-yield fields, according to Chen Yaobang, vice minister of agriculture.

Agro-scientists are now working on ways and means to improve such fields. A professor at the Southwest China Agricultural College has devised a method to boost rice yield by 1.12 tons per hectare. Rice-growing Hubei Province plans to use this method on 530,000 hectares of farmland.

**Domestic Substitutes Decrease Reliance on Imports**  
*OW1306191288 Beijing XINHUA in English*  
1134 GMT 13 Jun 88

[Text] Beijing, June 13 (XINHUA) — The Chinese Ministry of Machinery and Electronics Industry will speed up production of substitutes for products now being imported.

A ministry official said 2,700 imported machinery and electronics products are slated for home production by 1990.

The products include heavy-duty mining equipment, power generating equipment, agricultural machinery, meters and instruments, computers, electronic monitoring systems and other electronics.

When these products can be mass produced, they will be able to replace eight to nine billion yuan worth of machinery and electronics imports.

Factories will be upgraded and preferential policies for taxes and loans will be given enterprises in the research and manufacture of the products.

China imported 18.2 billion yuan worth of machinery and electronic products in 1986, nearly four times the 4.66 billion U.S. dollars worth of products imported in 1983.

**Open Policy Allows More Marriages to Foreigners**  
*HK1306082388 Beijing CHINA DAILY in English*  
13 Jun 88 p 3

[Text] The number of international marriages between Chinese citizens and foreigners or Overseas Chinese has averaged 10,000 a year in recent years in China because of a more flexible policy by the Civil Affairs Ministry.

In light of the country's more open contacts with the world, the ministry has called on its local offices to "modify terms and speed up procedures" while registering international marriages, according to a Civil Affairs Bureau official in Jiangsu Province.

Marriage to foreign citizens has become a rising trend in recent years in this coastal province, said Shen Bingjun, vice-director of the civil affairs department of the Bureau.

From 1983 to 1987, 673 such couples registered at local offices, Shen said. Of the people marrying citizens of the People's Republic of China, 89 per cent were Overseas Chinese and the rest were other foreigners.

Shen said about 600,000 couples marry each year in this province of 62 million people.

He said there were certain drawbacks to marriages between Chinese citizens and foreigners.

The foreigners might be engineers or cooks, he said, but most of them do not have an adequate education. Blue-collar workers accounted for more than 70 per cent, and a few did not have jobs in their countries.

The age gap between the partners in such marriages was on the whole wider than in domestic ones. The foreigners tended to be much older than their Chinese partners, Shen said.

An extreme example was a marriage between a 70-year-old American businessman and a Chinese woman of 20 last year in Changshu, a medium-sized city in the south of the province.

Chinese social norms strongly oppose such marriages, he said. The man was old enough to be his wife's grandfather.

Some Chinese girls marry foreigners in order to be able to go abroad. This is more prevalent among college students and people working in institutions concerned with foreign affairs—such as hotels and tourism organizations—because people there have more chances to be in contact with foreigners, he said.

**Central Radio To Increase Coverage of News, Issues**  
*OW1406102288 Beijing XINHUA in English*  
0823 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA) — China's Central People's Broadcasting Station has just reworked its schedule to provide listeners with late-breaking news at the beginning of every hour.

The station's director-general Yang Zhengquan said, the station will increase daily news broadcasts from 22 [figure as received] to 28, while Shi Tanggui, Yang's assistant said, international news will increase by 30 percent, and include three times more special programs on international issues.

The station is determined to improve overall reporting by adding more information about the reform, everyday life, and follow-up reports on issues of popular concern.

Frequency modulation will also increase from seven hours and a half to 18 hours daily, and be heard in all big cities nationwide via microwave transmission.

Wang Rufeng, head of the station's Taiwan service, said, his department will report more news daily, offer more commentaries on the mainland's policies and regulations, provide better service to Taiwanese planning a trip or investment on the mainland, and promote exchange between the mainland and Taiwan.



**More Efforts Needed to Reduce Air Pollution**  
*OW1406144388 Beijing XINHUA in English*  
*0805 GMT 14 Jun 88*

[Text] Beijing, June 14 (XINHUA) — In today's "CHINA ENVIRONMENT JOURNAL" the head of the State Environment Protection Bureau has called for more efforts in cleaning up the air nationwide.

According to Qu Geping, statistics show China's air pollution is as bad as that suffered by developed countries in the 1950s and 60s.

The article also quoted Premier Li Peng as saying, "China's environmental problem is very serious and correcting it will be a big job for the Chinese people."

Qu said China's law governing air pollution, which went into effect the first of this month, has to be effectively implemented and enforced.

Most air pollution prevention is the responsibility of some key cities, Qu said, adding preventative measures in these cities should be open to supervision by the press and the masses.

By the end of 1990, Qu continued, at least 52 of China's larger cities should be providing residents with processed coal instead of raw coal to cut down on the amount of coal dust in the air.

Qu urged the state to forbid the sale of outdated boilers which cause heavy pollution.

The state has spent one billion yuan (270 million U.S. dollars) to modernize 100,000 obsolete boilers since 1972, Qu explained, but another 100,000 boilers which have been put into operation during that period should also be replaced.

Qu called on the staff of environmental protection bureaus to use economic and legal means to reduce the country's air pollution.

**HONGQI No 12 Table of Contents Published**  
*HK1506112588 Beijing RENMIN RIBAO in Chinese*  
*15 Jun 88 p 7*

[Table of Contents for HONGQI No 12, 1988]

[Text] Article by Wang Jiye: "Base Planning Work on the Law of Value"

Article by Zhu Fulin: "Deepen Financial Reform, Promote Economic Revitalization"

Article by Doje Cering: "Brief Analysis on the Necessity, Possibility, and Measures of Developing the Insurance Undertaking in Tibet"

Article by Xiao Liang: "Carry Out Reform of State-Owned Economy Through 'Separation of Two Powers'"

Article by Liu Guangdi: "On the Role of the Share-Holding System in Deepening Enterprise Reform"

Article by Zhang Shougang: "Scientific Achievements and Theories of Artificial Intelligence"

Article by Zhang Zhiguang: "Diverging Thinking, Converging Thinking, and Creative Activities"

Article by Huang Xiaohu: "Twenty-Fourth Lecture of Forum on Socialist Commodity Economy: Land Rent in the Socialist Commodity Economy"

Article by Dai Yuanchen: "Twenty-Fifth Lecture of Forum on Socialist Commodity Economy: Organize Comprehensive Balance in Finance, Credit, Goods and Materials, and Foreign Exchange"

Article by Wu Ying: "Talking about 'Heresy'"

Article by Jin Mei: "Reading 'Video Recording of Chinese in the United States'"

Article by Tang Xingshun: "Thoughts Following the Trail of the Phenomenon of Being Late"

### East Region

**S. Korea's Daewoo Opens Joint Venture in Fujian**  
*SK1406015588 Seoul THE KOREA TIMES in English*  
14 Jun 88 p 6

[Text] Daewoo Electronics yesterday opened a joint venture in China for the production of 300,000 refrigerators per year.

According to business sources, Kim U-chung, chairman of the Daewoo group, attended a ceremony for the dedication of the joint venture located in the city of Fuzhou, Fujian.

Daewoo Electronics holds a 48 percent stake of the plant built with paid-in capital of \$12.57 million and China the remaining 52 percent.

Even though China holds a 52 percent stake in the joint venture, it was learned that Daewoo Electronics will take charge of operating it for 20 years.

The joint venture is the first ever opened by Korean businesses in China with which the nation has no diplomatic relations.

**Shanghai Mayor on Environmental Sanitation**  
*OW1406223288 Shanghai City Service in Mandarin*  
2200 GMT 9 Jun 88

[Text] Yesterday, many comrades who attended the 1988 "Summer in Shanghai" meeting to vie with each other in improving the city's appearance and environmental sanitation were surprised to see that the mayor of Shanghai, two vice mayors, and one deputy Standing Committee chairman of the municipal People's Congress on the rostrum. Their presence showed that the leadership in Shanghai attaches great importance to improving the city's appearance and environmental sanitation.

Mayor Zhu Rongji delivered a speech at the meeting. He pointed out: Right now, Shanghai's appearance and environmental sanitation fail to match its status. If we do not correct this situation in a timely manner and clean up the garbage and dirt, we will not be able to create a fine environment for investment and open the municipality wider to the outside world. Therefore, I agree completely to convene this "Summer in Shanghai" meeting to promote improving this situation. I believe that so long as we cooperate sincerely and coordinate with one another, we will be able to attain excellent results in improving city appearance and environmental sanitation.

Mayor Zhu pointed out emphatically: To achieve this goal, we must rely on the legal system and arouse the broad masses. We must introduce the responsibility system in various districts and counties in the municipality. We must delegate responsibilities, powers, and

interests to the districts and counties in Shanghai. Heads of the districts and counties must personally take the lead in carrying out the tasks in this connection. Only by doing so will other organizations and institutions coordinate with each other to help achieve this goal. From now on, checkups and appraisals must be made every month. Such practices must be simple and realistic. We must avoid the practice of formalism. We must do an even better job in improving city appearance and environmental sanitation through the aforementioned checkups and appraisals.

Mayor Zhu said: To improve city appearance and environmental sanitation, we must rely on the legal system and help all residents in Shanghai understand the relevant rules and regulations in this connection so that they will observe them consciously. We must enforce all rules, regulations, and laws in this connection strictly, and ensure that there are laws for people to follow, that these laws are observed, and that lawbreakers are dealt with. Only by doing so will it be possible for us to bring the existing rules, regulations, and laws on environmental sanitation into full play.

In conclusion, Mayor Zhu called on all units and departments to carry out ideological education among the masses and play their exemplary role well so as to improve greatly Shanghai's environmental sanitation this summer.

At the meeting, Vice Mayor Xie Lijuan put forward specific requirements for improving Shanghai's city appearance and environmental sanitation. She said: 1) We must further improve the functions of the governments at all levels, and get at the root of the problems while bringing about temporary solutions. 2) We must help people play their own role well. On the one hand, we must help all residents in Shanghai raise their awareness to improve environmental sanitation by giving widespread publicity to the sanitation campaign and to foster good habits of promoting hygiene; on the other hand, we must carry out effective measures to practice environmental hygiene in Shanghai. 3) We must enforce rules, regulations, and laws while grasping the weak links in this connection. We must solve the problems of wilfully piling up things and setting up stalls on both sides of the road and of parking vehicles illegally. We must clean up garbage and dirt.

Vice Mayor Ni Tianzeng, presided over the meeting. Also present at the meeting was Vice Chairman Sun Guizhang of the Standing Committee of the Shanghai Municipal People's Congress.

The "Summer in Shanghai" activities for the improvement of city appearance and environmental sanitation are expected to last 3 and 1/2 months. Yesterday was the first day of such activities.

**Shanghai Mayor at Metal Production Meeting**  
*OW1406192388 Shanghai City Service in Mandarin*  
0900 GMT 11 Jun 88

[Excerpts] The total production of nonferrous metal in China during the first 5 months of this year has exceeded 780,000 metric tons. This represents 41.6 percent of the annual plan and registers a growth rate of 9.2 percent over the same period last year. According to estimates, it is possible to fulfill the target of 2 million metric tons for the year. This indicates that the nonferrous metals industry in our country will enter a new phase of development. The above information was disclosed by Qiu Chunfu, adviser of the State Economic Commission, at the third meeting of the board of directors of the Chang Jiang Nonferrous Metal United Companies Group on 10 June. [passage omitted]

Shanghai Mayor Zhu Rongji attended the closing ceremony and met with some of the representatives.

**Central-South Region**

**Guangzhou Hotel Repays Hong Kong Investor**  
*OW1506012188 Beijing XINHUA in English*  
1401 GMT 14 Jun 88

[Text] Guangzhou, June 14 (XINHUA) — The China Hotel, a Guangzhou-Hong Kong joint venture, has repatriated 76 million U.S. dollars in profits — 60 percent of the total Hong Kong investment of 125 million U.S. dollars — to the Hong Kong investor in the past 4 years.

The hotel opened June 10, 1984. During the past 4 years, the hotel has put the emphasis on improving services and raising efficiency, and increasing investment in training personnel.

The hotel is also a pioneer in China for making it possible for visitors to book a room from their own countries.

**Guangdong City Improves Investment Environment**  
*HK1506080988 Hong Kong ZHONGGUO TONGXUN*  
SHE 1030 GMT 6 Jun 88

[Report: "Quite A Few Large Communications and Telecommunications Projects in Jiangmen Are Completed"]

[Text] Jiangmen, 6 June (ZHONGGUO TONGXUN SHE)—Quite a few large communications, telecommunications, and other projects in Jiangmen City have been completed recently. The city government has decided to conduct grand celebrations on 13 June. Responsible people from relevant departments at the provincial and city levels and personalities of various circles in Jiangmen will take part in the forthcoming celebrations. Some 300 people of Jiangmen origin residing in foreign countries as well as in Hong Kong and Macao will make a special trip home to take part in the grand celebrations.

Of the forthcoming celebrations, there will be a ceremony marking the opening of the Jiangmen Waihai highway bridge which cost \$160 million Hong Kong; and there will also be ceremonies marking the completion of the following projects: The Fufa glass factory which cost 130 million yuan, a gymnasium which cost 80 million yuan, a 6,000-line program-controlled telephone project, and the Beijie bridge project. The sources of funds for the above projects include funds raised by the city government, Sino-foreign joint ventures, and Overseas Chinese funds.

It is reported that Jiangmen has established its foreign business investment services company to provide fast and good services for helping foreign investors go through necessary formalities and other related matters. A number of preferential measures to encourage foreign investments in enterprises have been adopted in accordance with relevant State Council stipulations and in light of local conditions, and have also been put into practice. In addition, Jiangmen limits of authority over examining and approving applications for absorbing foreign investments are expected to be upgraded from \$5 million to \$20 million. With the aforementioned communications and telecommunications projects being completed and put into operation, the city's investment environment will be improved further.

**Shenzhen's Housing Rents To Increase Next Year**  
*OW1406182088 Beijing XINHUA in English*  
1455 GMT 13 Jun 88

[Text] Beijing, June 13 (XINHUA) — Housing rents are to be raised next year in Shenzhen, China's first special economic zone on the border with Hong Kong. XINHUA learned here today.

A government's reform scheme just released said rents will rise from 0.14 yuan per square meter to 2.06 yuan.

However, opinions from the masses will be further gathered, and modifications are still likely before the plan is put into effect next January, said local officials.

The existing rates are too low in relation to building costs and the upward adjustment was necessary if the zone is to go ahead with housing commercializations, added the officials.

The plan, revised for nine times before its official publication, aims to get more workers to buy rather than rent homes, said the officials.

**Wuhan Helps Hainan Build Iron, Steel Base**  
*OW1406135288 Beijing XINHUA in English*  
0623 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA) — The Wuhan Iron and Steel Complex, one of the giants in the industry in China, is helping set up an iron and steel base in newly designated Hainan Island Province.



According to a report in the "PEOPLE'S DAILY" today, the base in Changjiang County is the island's largest project.

The contract with Wuhan, a shareholder of the base, is for 20 years.

The Wuhan complex will help design and build the base and send technicians and experts to guide production when the base becomes operational.

Within three years the base is expected to be turning out 350,000 tons of steel and 350,000 tons of iron a year.

Eventually the base will produce one million tons of steel, one million tons of iron and 320,000 tons of continuous casting blanks a year.

### Southwest Region

#### **Guizhou Secretary on Leadership Structure** *HK1506075388 Guiyang Guizhou Provincial Service* *in Mandarin 2200 GMT 14 Jun 88*

[Excerpts] In his speech at a provincial meeting to exchange experiences in reforming the enterprise leadership structure and personnel system which concluded yesterday [14 June], Hu Jintao, secretary of the provincial party committee, noted: Further deepening reform of the enterprise leadership structure is the trend of the times and is also imperative under the circumstances. [passage omitted]

Hu Jintao noted: Although we have gained some experience in reforming the enterprise leadership structure at a selected number of enterprises in our province, it is necessary for us to make further explorations and studies through practice. In making explorations, we must act according to two principles. First, we must implement resolutely the Enterprise Law and the relevant spirit conveyed by the central authorities, and ensure that the enterprise leadership structure be changed from a double-track system to a single-track system. Second, we must proceed from actual conditions, proceed in all cases from the interests of the development of productive forces, be bold in putting things into practice, take such measures as are suitable to local conditions, and guard against rigid uniformity.

Hu Jintao stressed: In reforming the enterprise leadership structure, we must attach great importance to ideological and political work. First of all, it is imperative to ensure that factory directors fulfill the task of promoting ideological and political work. After the functions of the party are separated from those of the government, factory directors will assume overall responsibility for ideological and political work in their factories. [passage omitted]

#### **Guizhou Region Sets Up Preferential Policies** *OW1406134788 Beijing XINHUA in English* *0625 GMT 14 Jun 88*

[Text] Guangzhou, June 14 (XINHUA) — An ethnic minorities region of southwest China's Guizhou Province is setting up preferential policies in hopes of attracting more foreign investment.

Li Qichang, head of the Bouyei-Miao Autonomous Prefecture of Qianxinan, said that traders and businessmen from Hong Kong, Macao and Taiwan will enjoy full autonomy in conducting business, collecting funds, distributing profits and hiring workers.

The local government will provide education sites free of charge and will allow tax exemptions.

The prefecture, which borders Yunnan Province on the west and the Guangxi Zhuang Autonomous Region on the south, is rich in mineral resources.

Thirty-nine deposits have been found, including gold, molybdenum, zinc and mercury. There is also coal in the region.

#### **Sichuan Strives To Attract Foreign Investment** *OW1506030788 Beijing XINHUA in English* *1439 GMT 14 Jun 88*

[Text] Chengdu, June 15 (XINHUA) — Tax cuts and exemptions, and priority in receiving electricity supply and bank loans are new preferential terms granted by Sichuan Province to foreign investors in a set of provisions recently promulgated. The provisions for the encouragement of foreign investment, issued by the Sichuan provincial government allow foreign-funded enterprises to buy shares, bonds, and other negotiable securities, and buy or lease Chinese enterprises.

Foreign investors can develop Sichuan's mineral resources in the form of foreign-funded enterprises.

Export-oriented or technologically advanced enterprises involving foreign investment with operational terms of more than 10 years are exempt from local income tax from the first to the fourth profit-making year. They then pay that tax at a discount of 50 percent from their fifth to eighth profit-making year.

Under the 24-article regulations, foreign-funded enterprises engaged in energy resources development or infrastructure construction with operational terms of more than 10 years are exempt from that tax.

Export-oriented or technologically advanced enterprises involving foreign investment, with operational terms of more than 10 years, except for those in downtown Chengdu, the provincial capital, are exempt from site-use fees for 3 years, beginning with their first year of operation.

Foreign-funded enterprises enjoy preference in supplies of water, electricity, and gas, and pay for them at the same rates as local state-run enterprises.

Export-oriented or technologically advanced enterprises involving foreign investment enjoy priority in acquiring bank loans for their short-term working capital or technological upgrading purposes.

With approval from the People's Bank of China, foreign-funded enterprises may issue bonds with terms ranging from 1 to 3 years.

They can decide independently on the establishment of their own offices and the number of employees. They can hire workers, technicians, and managerial staff through advertising or from among personnel recommended by their Chinese partners.

Chinese workers in a foreign-funded enterprise are hired on contract.

**Academician Urges Tibet To Seek International Aid**  
*OW1406171988 Beijing XINHUA in English 1203*  
*GMT 14 Jun 88*

[Text] Lhasa, June 14 (XINHUA) — A leading Chinese social scientist has called for Tibet to seek aid not only from other parts of China but also from international organizations to speed up its economic growth.

Sun Honglie, vice-president of the Chinese Academy of Social Sciences, said the Tibet Autonomous Region and its neighbor, Nepal, are similar in natural resources and geographic location.

"Nepal is utilizing aid from international organizations to expand its economy," he continued, "I think Tibet should also invite more foreign investors to cooperate in developing its natural resources."

In a meeting with regional leaders here last week he stressed the need to invite leading scientists from abroad to visit Tibet for scientific research.

The Chinese Academy of Social Sciences can act as a go-between for Tibet, he told the meeting attended by a Qinghai-Tibet Plateau survey team organized by his academy.

Speaking of tourism in Tibet, he said, "I don't think we should be satisfied with opening just a few monasteries. Instead we should greatly expand science-related tourism."

According to Sun, Tibet has unique natural scenery, and the nation needs to publicize them more to attract more tourists.

At the meeting, other experts from the Chinese Academy of Social Sciences aired their views based on their surveys in Tibet on how to expand Tibet's livestock breeding, and how to develop its forestry and mineral resources.

Doji Cering, chairman of the regional government, pledged to implement the suggestions of the experts as soon as possible.

**Tibet Makes 'Dramatic Turnabout' in Education**  
*OW1406150588 Beijing XINHUA in English*  
*0634 GMT 14 Jun 88*

[Text] Chengdu, June 14 (XINHUA) — Forty years ago few Tibetans knew how to read or write.

Today half of all school-age Tibetans are in schools at various levels.

The dramatic turnabout has taken place mostly in the past 10 years during which 13,200 primary, secondary and vocational schools have been built or expanded in Tibetan communities.

Current enrollment is 495,900. In addition, more than 200,000 Tibetan workers have attended on-the-job training.

"This is unprecedented in the history of the Tibet nationality," a senior official of Qinghai Province said.

China has four million Tibetans. Most live in Tibet and the provinces of Qinghai, Sichuan, Gansu and Yunnan.

Before the founding of New China in 1949, these regions had fewer than 20 primary schools for Tibetans and no secondary schools or colleges for them.

A national special committee in Beijing oversees publication of Tibetan textbooks. Around 220 titles have been published with a total of 16 million words.

The regions are now offering preferential terms to attract qualified teachers from other parts of the country and are busy building up their own teachers' colleges as well.

The old tent schools taught by itinerant teachers on horseback have been replaced by boarding schools.

Vocational schools feature animal husbandry, sewing, and accounting, giving the Tibetans practical skills to help them improve their living standards.

**XINHUA Profiles Panchen Lama, Family**  
*OW1506015588 Beijing XINHUA in English*  
1434 GMT 13 Jun 88

[Text] Xining, June 12 (XINHUA) — Like the Dalai Lama, the Panchen Lama is also worshiped by thousands in Tibet, even though he, like the Dalai Lama, was born in a small village in Qinghai Province.

The Panchen Lama, also known as Bainqen Erdini Qoigy Gyaincain, was born in 1937 in Xunhua County near Xining, the capital of Qinghai Province. After the ninth Panchen Lama died, the Bainqen Kanpolija, the highest administrative group under the Panchen Lama, selected him in 1941 as the tenth Panchen Lama and sent him to Qinghai's Gumbum Monastery.

The village, where the tenth Panchen Lama was born is the home of a few dozen Tibetan rural families and sits at the foot of some hills 20 kilometers west of Xining.

The Panchen Lama's home is a large Tibetan-style compound with dozens of rooms, and though in a secluded remote village, the compound hosts throngs of lamas and laymen on pilgrimages from other parts of the country all year round.

The residence was built in 1983 when Lamaists donated building materials and sent them on horseback from Gansu and Sichuan Provinces and the Inner Mongolia and Tibet Autonomous Regions, said Goinbo Cedain, the Panchen Lama's 69-year-old father.

The Panchen Lama did not return home until almost four decades later because he was selected to be a "living Buddha" and left his home at 4, a local official said.

A "living Buddha," is meyi, "God incarnate" in the Tibetan language. Since marriage for lamas is forbidden "living Buddhas" are selected from children born within a specific period after the death of a chief lama. The newly-selected "living Buddha" is believed to be the reincarnation of the lama who died.

"When the Panchen Lama returned home in 1980, believers flooded the village from nearby provinces and regions to worship," the official said, adding sometimes the line was 20 kilometers long of people waiting for the Panchen Lama to perform the "laying on of hands," a ceremony believed to bring happiness and prosperity.

"One day the Panchen Lama performed the ceremony on 30,000 pilgrims from early morning into the wee hours of the morning," the official added.

A member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and vice-chairman of the Tibet Regional Committee of CPPCC, the Panchen Lama's father said, "I should stay

in Tibet but because I am getting old and can not tolerate the climate on the Tibetan Plateau, I usually stay at home in Qinghai or visit my son in Beijing."

"My relationship with the Panchen Lama is many-sided," he explained, "in religion, he is a 'living Buddha' and I am a believer, in kinship, I am his father, and he is also now a state leader."

The Panchen Lama's father shares the Qinghai residence with his wife, his younger son, daughter-in-law and her father, a butler and the butler's son.

"My life in the village is happy and relaxing," the Panchen Lama's father said, adding during the day, he takes walks and chats with neighbors or visits the village monastery, while in the evening, he, along with his family, watch TV and play cards. He also helps take care of his younger son who has been a deaf-mute since childhood.

The Panchen Lama's mother, Soinam Zhoima is always busy in the kitchen, which is the room where she says she gave birth to the Panchen Lama.

His mother, 72, like most of the Tibetan women of her age, had no opportunity for education when she was young and has been a housewife her whole life.

### North Region

**Shareholder System Invigorates Beijing Bus Firm**  
*OW1406132188 Beijing XINHUA in English*  
0743 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA) — Adoption of the shareholder system has brought the Beijing Bus Company Ltd., China's only collectively-owned motor company, back from the brink of disaster.

Two years ago the 30-year-old company, challenged by unrestrained car imports and competition from its state-owned Chinese counterparts, almost went bankrupt. Its unsold inventory stood at 400 buses.

The company's top executives realized they couldn't rely on old methods to accumulate funds for development and so in December 1985, issued shares. They hoped the shares would stimulate production and make employees work harder.

The China National Motor Investment Company and Beijing Motor Investment acquired a 27-percent interest and employees, three percent. The company owned the remaining 70 percent.

The company raised 43.74 million yuan (about 12 million U.S. dollars) in this manner. With the money, it carried out renovations, installed a new production line and paint-plating workshop, introduced advanced facilities from abroad, and performed new model research.



The company's profits went up 13.2 percent in 1986.

**Hebei's Xing Chongzhi Attends Military Conference**  
*SK1506065588 Shijiazhuang HEBEI RIBAO*  
*in Chinese 31 May 88 p 1*

[Text] The provincial work conference on the building of the People's Armed Forces held jointly by the provincial party committee, government, and Military District opened ceremoniously at the provincial Military District office on the morning of 30 May. Attending were Chen Chao, director of the Mobilization Department of the General Staff Department; Song Yingqi, director of the Mass Work Department of the General Political Department; Li Laizhu, deputy commander of the Beijing Military Region; Xing Chongzhi, Yue Qifeng, Lu Chuanzan, Yang Zejing, Guo Zhi, Xu Chunxing, Dong Xuelin, and Zhang Chao, leading comrades; and representatives from prefectural, city, and county party committees, governments, and people's armed forces departments throughout the province, totaling more than 500 persons.

In line with the decision of the General Military Commission and the State Council, our province completed the work to incorporate county-level people's armed forces departments in the local authorities have exerted concerted efforts to strengthen leadership over the building of the People's Armed Forces, and created a situation of vigorous development in it. People's Armed Forces throughout the province have maintained and carried forward the fine traditions of our Army, stepped up efforts to build regularized forces, accelerated and deepened the reform of militia and reserve forces work by focusing on improving the modernization level of reserve forces, cultivated personnel successfully through training and carried out production with the support of the militia training bases, and actively organized and led militiamen to participate in building the two civilizations, thus fairly successfully completing the various militia and reserve forces work, and promoting the building of reserve forces for national defense. The tasks of this conference are to implement thoroughly the guidelines of relevant central documents with the guidelines of the 13th party congress as the guidance, to summarize and exchange the experiences in building the People's Armed Forces, and to study the ways to reform the militia and reserve forces work, and raise the modernization level of the reserve forces for national defense.

This conference is the first provincial conference on the building of people's armed forces held after the organization to which the People's Armed Forces departments were subordinate was changed. Comrade Zhang Chao presided over the 30 May session. Comrade Yue Qifeng delivered an opening speech. Representatives from advanced units recounted their experience.

**Tianjin Foreign Investment Center Shows Worth**  
*OW1406131788 Beijing XINHUA in English*  
*0759 GMT 14 Jun 88*

[Text] Beijing, June 14 (XINHUA) — A Foreign Investment Service Center set up recently in Tianjin is showing its worth, today's overseas edition of the "PEOPLE'S DAILY" reported.

The paper said that foreign investment in the city has been on a rise since the center went into operation last June. The amount of foreign investment in the first five months of this year is equal to that of the whole of 1987, and contracts to build 21 joint ventures were also signed in the same period.

The center, combining the functions of eight municipal government departments, as well as 14 service companies and agencies, is aimed at cutting red tape and facilitating foreign investment.

It provides services in the areas of economic and city planning, industrial and commercial administration, finance and construction.

Foreign investors need only go to the center's one office to apply for all the documents and services needed for establishing and operating a foreign or joint venture.

To date, 135 foreign-funded enterprises have been set up in the city.

### **Northeast Region**

**Heilongjiang's Sun Speaks on Economic Work**  
*SK1506025188 Harbin HEILONGJIANG RIBAO*  
*in Chinese 27 May 88 pp 1,2*

[Speech of Sun Weiben, secretary of the Heilongjiang Provincial Party Committee, delivered on 26 May 1988 at the provincial meeting to report the overall situation of the provincial economic and economic-lever departments, entitled "We Must Strive for Practical Results in Studying and Discussing Standards for Productive Forces"]

[Text] Actually, our province began to study and discuss the standards for productive forces early this year. Since March, when the provincial party committee adopted the "Decision on Conducting Study and Discussion of Standards for Productive Forces Throughout the Province," this activity has embarked on a new stage.

**1. The General Trend of Studying and Discussing Standards for Productive Forces at the Preceding Stage Was Good.**

On 11 May, after hearing a report by the Propaganda Department, the Standing Committee maintained that it was completely necessary to conduct this activity throughout the province, and the activity developed in a

sound manner. The activity has evoked provincewide repercussions. Comrades of many prefectures and cities said: Conducting the study of standards for productive forces accords with the demand of the central authorities, and the will of the people. Some comrades said: To effect a big progress in Heilongjiang's economy, we must make a great leap ideologically; and by conducting the discussion of standards for productive forces, we can grasp the main points, just like pulling the ox by its nose. The people have expressed great enthusiasm in this activity, and vied with one another to offer advice and suggestions for revitalizing Heilongjiang.

This activity has promoted the study and implementation of the documents and guidelines of the 13th party congress; is an effective measure for conducting education on the party's basic line during the initial stage of socialism; is the deepening and continuation of the past mass discussion of standards for truth; and is a campaign of emancipating our minds. Therefore, this activity has profound and far-reaching significance, and plays an important role. Thanks to the initial stage of this activity, the large number of cadres and masses have greatly enhanced their ideology and understanding. Major indicators are: First, the basic standards for productive forces have been defined initially. Reviewing the history or considering the reality, comrades of many localities and units have recognized that although the development of productive forces has become the central task of the whole party since the 3d plenary session of the 11th party Central Committee, yet the standards for productive forces have not been fostered in conducting practical work. Frequently, we have either considered the rigid mode and concept of "being larger in size and more collective in nature" as our standards, or considered the individual and partial interests as our standards. As a result, the development of productive forces has been affected and hampered. From now on, we should no longer do such a muddleheaded thing. Second, we have seen our shortcomings, admitted our backwardness, and strengthened our sense of rousing ourselves to catch up with others, and the sense of urgency and responsibility. This is a gratifying scene. We should understand that backwardness is not dreadful, and what we fear is refusing to admit our backwardness. After we acknowledge our backwardness and catch sight of our deficiency, we can begin to make progress.

Another feature of this stage of study and discussion activity is that all localities and departments have paid attention to discussion, implementation, and improvement of their work simultaneously, thus promoting the pace of reform and construction. In addition, in light of the problems emerging during study and discussion, and in line with the standards for productive forces, various localities and departments have tried their best to correct their mistakes immediately, decontrol policies, and make flexible, instead of engaging in discussions of empty generalities. As a result, initial achievements have been scored in this regard. In the course of discussion,

some prefectures, cities, and counties have further readjusted their own strategies for economic development. For instance, Daqing City has readjusted its original economic development strategy in line with the standards for productive forces; set forth the task of further emancipating the minds in 10 fields; and further defined the new fighting goal of developing Daqing, revitalizing Heilongjiang, and contributing to making our country strong and prosperous. The mass discussion of Harbin City has provided ideological preparations for convening the Harbin City party congress, and the results of this mass discussion have been incorporated to the report of the city party congress.

To deepen reform and enliven the economy, many localities have proceeded from their specific conditions to work out some new policy regulations or flexibly implement the relevant regulations of higher levels, and have considered their issues and formulated measures based on the criterion that they are conducive to the development of productive forces. For example, Jiamusi City has adjusted or formulated 36 local policy regulations concerning contract, leasing, and support for peasants to enter the circulation sphere. Focusing on establishing the Mudanjiang urban and rural comprehensive reform experimental zone, the Mudanjiang party committee has organized forces to conduct a great amount of investigations and study, and helped the provincial party committee to consider many issues. Qiqihar, Qitaihe and other cities have made fairly big strides in implementing the policy on relaxing control over and invigorating scientific and technical personnel, and in encouraging scientific and technical personnel to go to the major battlefield of economic construction. The recent meetings on procuratorial work, border trade, and individual and private economies, and the documents they issued also adjusted some regulations, and adopted new policies, which have greatly influenced and encouraged the lower levels. We should continue to strengthen this work. We should regard the purpose and direct goal of the present study and discussion to further emancipate our minds, do everything conducive to the development of productive forces, and further adequately, flexibly, and implement successfully the policies given by the central authorities. We should not hesitate in the situation in which "difficulties and promises, and challenges and opportunities exist simultaneously," and should conduct explorations, make breakthroughs, and bravely create the new; put reform at the center of all our undertakings; and expedite our pace in revitalizing Heilongjiang.

Leading personnel at various levels have played a leading role in the present study and discussion on the criterion of productive forces. In particular, departments in charge of comprehensive work and economic levers at provincial, city, and county levels have emancipated the mind through the discussion, and put forward many relaxed policies and new measures for enlivening the economy. Provincial departments alone have put forward more than 140 such policies and measures. The



provincial departments in charge of comprehensive work and economic levers have also offered very good opinions. My impression on this is as follows. First, the comrades have greatly enhanced their understanding. Instead of referring themselves to rules and regulations, and proceeding from the interests of their own departments, they have abandoned considering the interests of their own departments, and now consider the overall interests and establish new economic operational mechanisms and new economic systems when thinking over, raising, and handling issues. Second, all departments have refrained from holding empty discussions behind closed doors. Their leaders have taken the lead in going out of their offices to conduct investigations and study, inviting the comrades of relevant departments and fields at lower levels to give opinions, discovering their ideological obstacles and where they lagged behind in their work based on the actual conditions, and formulating measures for improving their work through earnest and realistic cooperation and communication with the people in and outside their departments and at both higher and lower levels. Third, initial actual results have been achieved. Financial, planning, banking, price, tax, auditing and labor departments have put forward their tentative plans for further relaxing policies after conducting discussions, investigations and study. It is hoped that the provincial party committee and government will discuss and study them at an early date. Judging from the present situation, the overall trend is good although the development of various departments is uneven, with the pace of some departments being quicker than others.

2. How we can understand the question concerning emancipating the minds of leadership layers, overall economic departments, and economic-lever departments.

Since the campaign of discussing the standards for productive forces was launched, many comrades maintained that the key to deepening the discussion campaign; and actually promoting the development of the province's reform, construction, and productive forces hinges on solving the question concerning emancipating the minds of leadership layers, overall economic departments, and economic-lever departments. Through careful consideration, we know that such a viewpoint is reasonable. Playing a leading role in dominating the overall political and economic situation, party and government leaders at various levels are entrusted with fundamental functions for making policies to solve the major problems cropping up during reform and development. If they fail to emancipate their minds or do not have a correct idea to make policies, it will be easy for them to stand behind the masses' vivid and creative practices or they will possibly make mistakes in making policies. Playing a key role in regulating the macroeconomy, the overall economic departments and the economic-lever departments fundamentally have functions for regulating the overall economic activities along with the thinking of reform and the inherent law of economic development. If these departments fail to emancipate

their minds, have no correct idea on how to conduct the economic regulations, and continuously follow the old economic regulation methods, activities "that go against the economic regulations" may take place and the development of productive forces will be prevented. Therefore, solving the problem concerning emancipating the minds of leadership layers, overall economic departments, and economic-lever departments while discussing the standards for productive forces is a key link of this discussion campaign as well as the key to promoting the development of the province's productive forces.

Over a period of time, the prefectures, cities, and counties throughout the province and the masses of grass-roots cadres have great complaints about the question concerning emancipating the minds of overall economic departments and economic-lever departments. So, the comrades among overall economic departments and economic-lever departments have feelings of pressure and difficulties. I think that we must pay attention to the voices from the grassroots and the masses. We must have a correct attitude to choose and follow what is good, to change pressure into motive forces, energetically promote the self-reform of the departments, and suit, guarantee, and serve the demands of macroeconomic reform and development. However, our grass-roots comrades should understand that the departments have difficulties. The overall economic departments and the economic-lever departments must go through a process in order to replace the old systems with the new, emancipate their minds, and shift their functions. We must understand each other and make concerted efforts to accelerate the transitional process.

Over the past 9 years, since the 3d plenary session of the 11th party Central Committee, the overall economic departments and the economic-lever departments have gone through a process of ceaselessly emancipating the minds under the unified leadership of the provincial party committee and government, and the economic regulation departments have ceaselessly shifted their guiding ideology and work functions along with the deepening of reform. These departments have made arduous efforts and great achievements in emancipating their minds and shifting their functions. We may say that the province's development situation should not have emerged if these departments did not emancipate their minds or shift their functions. However, why do the people show great concern about the question concerning emancipating the minds of these departments? I think that there are at least two reasons.

The first reason is that after more than 9 years of reform, the current reform has developed from a simple one to a profound one, and from single items to all coordinated fields. It can be said that most of the affairs within the limits for autonomy of grass-roots units and the problems which were easy to be solved have been basically solved or have been provided with a definite way of thinking; while many of the unsolved problems are difficult ones which can be solved only by relying on the



functions of overall economic and economic-lever departments. Under such a situation, the people will naturally strive for a method which is more conducive to emancipating productive forces, and will naturally demand overall economic and economic-lever departments to better display their role. This makes overall economic and economic-lever departments become departments which attract the public gaze and which cannot be replaced by any other departments.

The second reason is that after more than 9 years of development, commodity economy has grown constantly and is developing at an unprecedentedly fast speed. This new pattern of great commodity economic development requires us to rapidly change the macroeconomic regulation and control mechanism, which was formed under the system of long-term product economy and the structure of the single-product planned economy; and requires us to conduct active regulation in line with the law of commodity economy, rather than the law of product economy. Such a situation has brought about a sharp contradiction, that is, on the one hand, the development of commodity economy requires us to handle affairs in accordance with the law of value; however, on the other hand, we are unfamiliar with or poor at using the law of value to handle affairs. Our overall economic and economic-lever departments are still deeply affected by old mechanisms in ideology, working mechanism and working methods, and our regulation and control mechanism as a whole is still restricted by the universal pattern under which new and old structures coexist. In addition, the insufficient study of commodity economy and the insufficient preparations in ideology make it difficult for us to immediately adapt ourselves to such a swift and violent commodity economy development. This has therefore brought about many contradictions and conflicts, such as the contradictions between agriculture and commerce, between industry and commerce, between different commercial departments, between different regions, and between different departments. The objective situation of the commodity economic development has placed the overall economic and economic and economic-lever departments on the focal point of economic development contradictions. Therefore, it is not difficult for us to understand why the grassroots units strongly hope and demand overall economic and economic-lever departments to take the lead in emancipating minds.

In emancipating the minds of overall economic and economic-lever departments, we should actually consider the objective and subjective factors. Not all of our problems result from the failure in emancipating our minds. Some of our problems result from the unchanged macroeconomic regulation and control mechanism, and some from our inability to carry out reform with our own funds. Therefore, we should not set presumptuous demands on overall economic and economic-lever departments beyond their practical possibilities.

How can minds be emancipated? I am going to talk about three issues.

First, we must acknowledge the necessity of the "dual" regulation in the period of replacing old systems by new and the coexistence of the two systems. We are now in the process of replacing the old systems by the new. So, old systems still bring their functions into play and some of the old systems even play a dominant role in the economic field because new systems should go through a process of development and we are unfamiliar with the methods suitable to the new systems. Under this situation, we have to observe the objective decision where some affairs must be handled according to the train of thought set forth in the new systems while some must be handled according to the old systems. We must strive to promote the development of a new operational mechanism. Whether or not things are conducive to the development of productive forces should be regarded as fundamental standards for judging what is right and what is wrong and for deciding which to use to energetically promote self-reform and better serve the macroeconomic reform and construction. By so doing we can share a common language with all trades and professions and all grass-roots units and our understanding can be integrated.

Second, we should understand the transitional characteristics of the current policies. In the process of replacing the old systems by the new, the series of economic policies set forth by the units from the central to the lower levels have transitional characteristics. So, it is impossible to get things done once and for all. There exists a question concerning correctly handling the relations between policies and practices. We must firmly foster an idea of putting practice in the first place, treat the current policies according to the standards for productive forces, and creatively enforce the policies. Over the past 30 years or so, each and every overall economic department and economic-lever department has formulated many policies and issued many documents. Some of them were formulated according to the previous situation and the general national situation. Under the current situation in which the new systems are pounding at and gradually substituting the old systems and different localities have different conditions, we must follow the new trains of thought and proceed from the reality to implement creatively the policies set forth by the central authorities and all departments. The requirements made by the lower levels are reasonable sometimes. However, the requirements that are not suitable to the "laws" of the departments should be changed flexibly by the departments concerned. Instead of first finding reasons for "blocking" the requirements made by the lower levels, we must proceed from support to find a basis for "giving a free hand in" their requirements to change the workstyle of simply handling affairs according to "regulations."

Third, it is necessary to enhance the sense of urgency for reform and blazing new trails. The situation of reform asks these departments to accelerate the pace of self-reform and to energetically apply the fundamental functions of these departments to promote the development

of productive forces. A basic condition for developing the commodity economy is that we must acknowledge the reasonable distribution and combination of various kinds of means of production. The previous practice of organizing means of production according to mandatory planning and administrative order was called a practice of overall balance. The mechanism of dominating this overall balance was dominated by powers to a great extent. Now, it is necessary to set up a new dominant mechanism suitable to the development of commodity economy. This is a great change to the overall economic departments and the economic-lever departments. This is an arduous process. In short, this is a process to emancipate our minds and define the standards for productive forces. We may say that the emancipation of the minds of these departments will directly affect the pace of replacing the old systems by the new. These departments should divide the work with other departments, including plants, enterprises, and the countryside. Thus, they must understand and support each other, march shoulder by shoulder in the course of emancipating the minds, and make concerted efforts to promote the development of productive forces.

### 3. We Should Deepen Our Study and Discussions Further.

The provincial party committee has maintained that we have scored remarkable success in the previous stage of study and discussions. We should deepen and continue this study and discussion campaign unswervingly, and grasp it through to the end until it yields good effects.

A. We should conscientiously sum up the situation in the previous stage of study and discussions, and deeply study the heated and difficult points and the problems exposed to the open. The main purpose of these studies and discussions is to firmly cultivate the criterion of productive forces, particularly raise the theoretical level of the leading cadres at all levels, and guide reform and economic construction in a more conscious and more scientific way. This requires our efforts to realistically clarify the relevant theoretical problems, to further solve the problems of understanding, and to serve as sensible persons. As all people know, during the period of transition from the old structure to the new, we will always come across interference caused by some problems. For example: how to properly handle the relationship between stabilizing the economy and deepening reform; between contributing more and exchanging with equal value; between enforcing policies and adopting flexible policies; between speed and benefits; and between microeconomy and macroeconomy, planning and markets, opening up and regulation and control, and rigid and flexible control. If we just discuss these problems by judging the cases as they stand, no unanimous conclusion can be drawn and it will be difficult for us to free ourselves from the "leftist", outdated and ossified ideology and concepts. Therefore, we must not maintain that it is not necessary to study in the course of investigating and discovering problems. We must always study

and deeply understand and study some heated and difficult points which the people are much concerned about and some key problems which must be investigated and exposed. We must study well the documents of the 13th party congress, of the second plenary session, the Seventh NPC, and Comrade Zhao Ziyang's speech on the strategy for coastal economic development, and use the 13th party congress' systematic elaboration on the theories concerning the initial stage of socialism to arm the masses of cadres. Only by grasping new viewpoints, following the new trends of thought and discussing a matter on its merits can we gradually understand some major problems concerning the transition from the old structure to the new, and can we reduce blindness during practice and enhance our consciousness. All districts and departments should hold all kinds of study and theoretical discussion classes at all levels in line with reality, persist in combining theory with practice, and solve problems realistically.

B. We should conscientiously review and think over problems again, deeply conduct investigations to expose problems, and solve them at each level. The emphasis of this study and discussion campaign should be placed on the leadership level, including the party and government leading organs at all levels, responsible economic departments, departments dealing with comprehensive economic work, and departments serving as economic levers. Through study and discussions, they should mainly solve ideological problems and the concept of safeguarding one's heritage, conduct reform under orders, seek stability for fear of chaos, enhance their sense of crisis and responsibility of accelerating reform and invigorating the economy, and yield good results in our creative work. Leading organs at all levels should solve particularly the problems of overconcentration of power, bureaucracy, wastefulness, and exaggeration and achieve good results in shifting the functions of organs. All functionary and responsible departments, and all departments dealing with comprehensive economic affairs, and serving as economic levers should make special efforts to solve the problems of departmental dictatorship and regional blockade and the problems of having too many methods of rigid control and too few methods of invigoration, and achieve good results in actively promoting reform and consciously serving construction. All plants, mines, and enterprises should pay attention to changing the situation of emphasizing building new projects to the neglect of renovating existing facilities, and emphasizing production to the neglect of management; should solve the egalitarianism in distribution; and should strive to yield results in improving economic efficiency, deepening enterprise reform, and perfecting production and management mechanisms. Rural areas should attach great importance to solving the problem of lacking consciousness in developing commodity economy; and should strive to yield results in deepening the second step of rural reform, promoting the great development of commodity economy, and making peasants become prosperous as quick as possible. In



sum, all localities, fronts, and departments should purposefully reveal problems and lay bare contradictions proceeding from their respective characteristics and conditions to correct all tendencies and problems unsuited to the standards for productive forces.

C. We should pay attention to implementing the readjustment and reform measures. At the preceding stage of studying and discussing standards for productive forces, various localities and departments persisted in study and discussion while improving their work; and worked out some measures for readjustment and reform. This was a good beginning which should be fully affirmed. In particular, financial, tax, pricing, banking, and labor departments all formulated new policies and regulations and worked out new measures for allowing flexibility and relaxing control, thus being well received by grass-roots units and the masses. The provincial party committee and government will conscientiously study new policies and regulations which involve the overall situation. They also will map out corresponding policies and decisions in line with the standards for productive forces. Therefore, I hope that the people will dispel their misgivings, be bold in exploring and blazing new trials, and offer advice and suggestions for revitalizing Heilongjiang. What is particularly important at present is that we should actually organize well the practical work to rapidly apply the positive results conducive to the development of productive forces in grass-roots units; and should carry out those policies and measures whose success is certain to change them into a force which directly promotes the development of productive forces.

D. We should further strengthen leadership, let each department assume responsibility for its own study and discussion activity, and meticulously and thoroughly organize the study and discussion activity to achieve results in this regard. The success or failure in this activity hinges on leaders who set an example in study and discussion. Party committees at all levels should seize the favorable opportunity that the masses place hopes on the study and discussion activity to thoroughly conduct the activity and actually solve problems. On no account should we give up this activity halfway. Principal leading comrades of various prefectures, cities, counties, and provincial-level departments should all assume responsibility for examining and supervising the study and discussion activity of their own localities and fronts; and each level should exercise supervision on the work of the next lower level so that this activity can be conducted well at each level. We should go deep into reality to conduct investigation and study, make a profound analysis and study of the questions raised during the study and discussion campaign, and answer the questions of the masses and solve the practical problems emerging in reform with a scientific attitude of seeking truth from facts. Those problems commonly raised by various departments should be amassed and solved by higher levels in coordination. As for those problems which touch upon reform and construction and which need urgent solution, responsible departments should work

out resolutions for them in a timely manner. The cases of going deep into grass-roots units to help them solve practical problems should be summed up and commended in a timely manner. Press and propaganda departments at the provincial, city and other levels should still give priority to propagating and reporting the study and discussion of standards for productive forces to whip up a public opinion. These departments should also report typical cases and disseminate advanced experiences in solving problems that emerge in this activity. They should also use public opinion to promote the deepening of this activity, and to arouse the competition between different localities and between different departments to form a vivid competition situation. Various localities and departments should use diverse forms, such as holding reading classes, report meetings, seminars, and dialogues, to constantly deepen this study and discussion activity. The provincial party committee plans to make a comprehensive summary for this activity around mid-August.

**Heilongjiang Holds Science, Technology Conference**  
*SK1506042288 Harbin Heilongjiang Provincial  
Service in Mandarin 2100 GMT 14 Jun 88*

[Text] The provincial party committee and government held a provincial scientific and technological work conference in Harbin on 14 June to work out the strategic principles for developing the province through science and technology. Zhu Dianming, director of the provincial Scientific and Technological Commission, relayed the guidelines of the national scientific and technological work conference.

Vice Governor Shao Qihui spoke. He said: To implement the principles for developing the province through science and technology, we should give prominence to science and technology, and place them in the first place. In working out plans for economic development, the focus should be shifted to making progress through science and technology so that our province's economy can expand production by upgrading technology.

He said: At present, the province's scientific and technological work should be focused on improving economic results, productivity, and product quality, and efforts should be made particularly to carry out the following work successfully.

First, we should achieve progress in agriculture through science and technology more quickly, and facilitate the process of gearing our province's agriculture to commodity production and modern agriculture. We should organize forces to implement successfully the plans for carrying out comprehensive technological research to achieve bumper harvests, and the good harvest plans to raise per-unit yields. We should expedite the implementation of the spark plan, promote the technological progress of township enterprises, and achieve an upward



trend in the development of planting, livestock breeding, and processing so as to facilitate the comprehensive development of the rural economy.

Second, we should carry out technical transformation in traditional industries by stages and in groups in an orderly manner and according to established priorities. We should develop joint scientific and technological research, trial production of new products, allocation of new techniques, import and mastery of new foreign technology, popularization and transfer of new domestic technology, and mass production of new products in a coordinated manner, and accelerate the pace in commercializing scientific and technological achievements.

Third, we should gear our work to the needs of the strategy for the economic development of coastal areas, and our province's foreign economic relations and trade, develop new products oriented to foreign exchange earning, and open up new fields of cooperation with foreign countries to promote the export-oriented economy.

Fourth, we should work out programs for our province's scientific and technological development, and comprehensively invigorate the multilayered scientific and technological work.

Fifth, we should intensify development of intellectual resources, and build up a gigantic contingent of scientific and technological workers.

**Heilongjiang Sets Up Technology Development Zone**  
*SK1506041688 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 14 Jun 88*

[Text] The province and Harbin City decided recently to establish the Harbin new technology development zone on (Dongdazhi), (Xidazhi), (Zhuhu), and (Hexing) Roads in the (Nangang) District of Harbin City. In this development zone, new technology enterprises engaged in the study, development, production, and business of information technology, automation technology, new materials, biological technology, laser technology, new energy resources, and other new technology will be established. These enterprises will raise their own funds, organize and exercise management independently, and have responsibility for their own profits and losses.

Relevant departments also stipulated that the enterprises to be established in the development zone should meet the following requirements: The output value of their high technology and new technology products should exceed 50 percent of the output value of their products; the number of their scientific and technical personnel at and above the secondary specialized school level should exceed 40 percent of the total number of their staff

members and workers; and the funds used in the study and development of new technology products should exceed 30 percent of their total income.

Establishment of the Harbin new technology development zone will accelerate the process of transferring scientific and technological achievements to the fields of production and application, and will actively promote high technology.

**Northwest Region**

**Xinjiang's Tomur Dawamat Urges Family Planning**  
*HK1506015188 Urumqi Xinjiang Regional Service in Mandarin 0000 GMT 15 Jun 88*

[Text] Regional government Chairman Tomur Dawamat stressed at the regional family planning work conference on 13 June that the government at all levels and the departments concerned must regard family planning as a major affair, and in particular get a good grasp of this work among the minority nationalities.

Tomur Dawamat said that it is now very necessary to promote family planning work for the minority nationalities. Although Xinjiang has reaped bumper grain harvests for 10 successive years and total annual grain output has doubled compared with 1964, there is no increase in the amount of grain available per capita because the population has increased too fast; in addition, the area of farmland per capita is still declining. It will be very difficult to achieve the goal of [words indistinct] the national economy if the population continues to increase in this fashion.

Tomur Dawamat pointed out that improving population quality is an issue that cannot be neglected. The key to the progress of the nation and its economic prosperity lies in quality, not quantity. This is a lesson we have learned from history. Since last year, the birthrate among the region's Han population has basically been put under control, but the birthrate among the minority nationalities is still very high. This does not help to improve the quality of the minority nationalities. We must be responsible to posterity; we cannot continue to ignore this question but must view it with a sense of urgency. I hope the government at all levels will put family planning work on their agenda, strengthen leadership, and get a good grasp of it.

Tomur Dawamat also emphasized: Family planning work is mass work; it is a heavy and difficult task with a strong sense of policy. All sectors must tackle this work together. The finance departments, planning commissions, nationalities affairs commissions, trade unions, the CYL, the Women's Federation, and so on must regard this work as an important task and fulfill their duties in contributing to its success.

**'Sharp Decline' in Trade Surplus Viewed**  
*HK1506080788 Hong Kong ZHONGGUO TONGXUN*  
*SHE in Chinese 1243 GMT 6 Jun 88*

[Report: "A Sharp Decline in Taiwan's Trade Surplus in the 1st Quarter of This Year With a Trend Toward Balanced Receipts and Payments"]

[Text] Hong Kong, 6 Jun (ZHONGGUO TONGXUN SHE)—Taiwan's balance of international payments surplus showed a sharp drop in the 1st quarter of this year. It was a drop from more than \$4.9 billion in the same quarter last year to \$1.4 billion. Apart from a reduced trade balance surplus, a big increase in traveling expenses with people visiting relatives on the mainland following liberalization was also a causative factor.

According to the "Central Bank," factors causing the balance of international payments to head for a balanced state include: 1) A drop in the commodity trade balance surplus from more than \$4.7 billion in the 1st quarter of last year to \$1.6 billion or so; 2) A \$300 million or so net inflow of short-term capital (hot money) from among the people in the 1st quarter of last year giving way to a net outflow of more than \$90 million; 3) A \$200 million or so net inflow of long-term capital, investment money, and so forth from among the people in the 1st quarter of last year giving way to a net outflow of more than \$1.4 billion, reflecting an obvious increase in offshore investment by the people; 4) The net outlay of \$90 million on traveling expenses in the 1st quarter of last year rising to more than \$300 million in the 1st quarter of this year.

In addition, the banking system with foreign exchange as its main source of deposits has accounted for a big increase in assets abroad, with a simultaneous increase in interest income. In the 1st quarter of this year, the international payments balance still showed a surplus of \$1.4 billion, which is much less than in the corresponding period last year.

The "Central Bank" said that based on international receipts and payments, commodity exports in the 1st quarter of this year were estimated at \$13.66295 billion, an increase of 22.2 percent over the corresponding

period of last year. Commodity imports stood at \$11.98308 billion, which meant a substantial increase of 85.1 percent compared with the corresponding period last year. With imports far exceeding exports in volume and the rate of growth, the commodity trade surplus also dropped sharply from \$4.7122 billion last year to \$1.67987 billion.

**Kuomintang Reorganizes Standing Committee**  
*HK1506081788 Hong Kong ZHONGGUO TONGXUN*  
*SHE in Chinese 1155 GMT 6 Jun 88*

[Report: "The 13th KMT Central Committee Standing Committee on a Large Scale"]

[Text] Hong Kong, 6 Jun (ZHONGGUO TONGXUN SHE)—According to a report from Taipei, newspapers here predict that about half of the members of the KMT [Kuomintang] Central Committee Standing Committee to be elected by the 13th KMT National Congress will be new members.

CHUNG-KUO SHIH-PAO (CHINA TIMES) reported today that since the start of the preparation for the 13th KMT National Congress, over 10 senior members of the 31-member Central Committee Standing Committee have expressed their desire to resign. They will no longer take part in the election of the members of the Central Committee. Besides, some members will also leave the Central Committee Standing Committee because of the change of their positions, or their representation. Therefore, according to an analysis made by the departments concerned, about half of the Standing Committee members will be new members. This will be the greatest structural change in the highest stratum of power of the KMT since the establishment of its reform committee.

It has been learned that the reorganized Central Committee Standing Committee will still consist of 31 members, but its representation will be enlarged. Besides representatives from the party, government, military, mass media, industrial and commercial circles, the new members will include representatives of farmers, workers, and women. This will expand the representation of the core power structure in light of practical conditions.

**Concern Shown Over U.S. Arms Sales to Mainland**  
*OW1506035788 Taipei International Service*  
*in English 0200 GMT 12 Jun 88*

[Station commentary "Sigur Speaks on U.S. Arms Sales to the ROC"]

[Text] In an interview broadcast by satellite to Mainland China, Gaston Sigur, the U.S. assistant secretary of state for East Asian affairs, told Mainland Chinese journalists that the U.S. has every intention of continuing to supply the Republic of China [ROC] on Taiwan with defensive weapons. Sigur said the U.S. seeks to build better military links with Communist China but not at the expense of arm sales to Taiwan.

Sigur said that the U.S. and Communist China have developed modest military relations since they established formal diplomatic ties in 1979. We want to see this build and increase as the years go by, he added.

But Sigur reiterated to his Mainland Chinese listeners that the U.S. would continue to supply weapons to Taiwan in accordance with an agreement signed with Peking in 1982. But that agreement, known as the Shanghai Communique 2, does not set a time limit for Washington to withdraw arm sales to Taipei. It does, however, require the U.S. to gradually phase out arm sales year-by-year.

The Reagan administration has interpreted the communique to mean that government-to-government arm sales would gradually be decreased between Washington and Taipei. Thus Reagan has permitted the private sector to share weapons technology with the ROC on Taiwan.

Sigur's interpretation of the Shanghai Communique 2 is somewhat disappointing to officials in Taipei. In theory, the Taiwan Relations Act should take precedence over any agreement signed between Washington and Peking. The act is a domestic law of the U.S. which includes a clause requiring the U.S. Government to supply Taipei with the weapons it needs to sustain an adequate defense.

Critics of the 1982 Washington-Peking Communique say it contradicts the Taiwan Relations Act which is, as just stated, a law and not just a nonbinding statement of intent on the part of the U.S.

Taipei chooses not to fuss about the verbal contradiction so long as Washington continues to supply the Free Chinese on Taiwan with hi-tech weapons. But the language of the communique is nevertheless worrisome as it could be used by a future U.S. Administration to sell out Taiwan to the Chinese Communists.

Sigur's remarks also raised concern here in Taipei about U.S. arm sales to Communist China. Observers here see much risk in this endeavor as no one can say for certain if Communist China will continue its current drift

toward the West. Were Peking to suddenly shift back toward the Soviet Union, or go back to Maoism with or without good ties with the Soviets, the U.S. arms sold to Peking today might have disastrous consequences tomorrow. Some worry that the U.S. is repeating an old mistake by arming a communist giant, like it did near the end of World War II with regard to the Soviet Union.

Taipei's concerns are thus twofold: The U.S., as Sigur promises, should continue to look out for the defense needs of her friends on Taiwan; conversely, the U.S. should be wary about arming Communist China.

**President Li Receives U.S., Saint Lucia Visitors**  
*OW1506013188 Taipei CNA in English 1600 GMT*  
*14 Jun 88*

[Text] Taipei, June 14 (CNA) — President Li Teng-hui received Dr. Bruce K. MacLaury, president of Washington, D.C.'s Brookings Institution, and Dr. Vaughan Allen Lewis, director-general of the Eastern Caribbean States, separately at the Presidential Office Tuesday.

President Li and Dr. MacLaury discussed current ROC [Republic of China]-U.S. economic problems and exchanged views on future economic cooperation between the ROC and the countries of the Asian-Pacific region during their meeting in the afternoon.

Dr. MacLaury said he respects President Li for his political wisdom, and his excellent economic ideas.

Later in the day, president Li met with Dr. Lewis of Saint Lucia and his wife at the Presidential Office.

**Agreement With U.S. on Ads for Imported Cigarettes**  
*OW1506012888 Taipei CNA in English 1634 GMT*  
*14 Jun 88*

[Text] Taipei, June 14 (CNA) — The Government of the Republic of China [ROC] will seek to bar print advertising for imported cigarettes in a revised ROC-U.S. agreement on the import of cigarettes and wine, Vice Economics Minister Wang Chien-shien said Tuesday.

Wang said the government plans to negotiate with the U.S. on the revisions as soon as possible because the advertising of imported cigarettes has become too widespread since the nation opened its market to foreign cigarettes early last year.

According to the current agreement, each foreign cigarette company can place 120 advertisements in publications annually.



**Mainland Extends Invitation To ADB Meeting**  
*HK1506073688 Hong Kong AFP in English*  
0708 GMT 15 Jun 88

[By Pierre-Antoine Donnet]

[Text] Beijing, June 15 (AFP)—China is studying the possibility of devaluing its currency, the yuan, Bank of China President Wang Deyan said here Wednesday.

The question is currently "under study," Mr. Wang told a press conference, adding that in line with international practice, he would reveal neither the percentage nor the date of the devaluation.

China last devalued its currency in July 1986, when its value was trimmed by 15.8 per cent against a basket of western currencies. A decision to devalue the yuan would be taken by the People's Bank of China, the country's central bank. The Bank of China is the country's main foreign exchange bank.

Western banking sources here confirmed that it was likely China would devalue its currency in coming weeks, perhaps even before the end of this month. Such a move, they said, would be aimed at narrowing the gap between black-market and official rates for the U.S. dollar and other currencies.

Devaluation would also discourage imports and stimulate exports at a time when China's overall foreign debt is estimated at 25-30 billion dollars.

The yuan has been losing ground continually against strong currencies since 1984, observers said. It cost 1.95 yuan to buy one U.S. dollar in October 1983. On Wednesday the rate was 3.71 yuan.

Chinese enterprises looking to import goods without being hampered by quotas or government planning generally deal on the black market for dollars. There the rate is more than five yuan per dollar — a level that observers say is a more accurate reflection of the currency's real worth.

Qiu Qing, vice president of the People's Bank of China, told Wednesday's press conference that China's money supply had grown by 28 billion yuan last year, with 145.4 billion yuan now in circulation. China has been printing too much money in recent years to finance its industrial modernization, analysts have said. They blame the phenomenon for contributing to inflation.

Retail prices, the basic barometer of inflation in China, rose 11 per cent in the first three months of this year, compared to year-before figures, provoking complaints among fixed-income workers and their families.

Mrs. Qiu also invited Taiwan to participate in next April's meeting in Beijing of the Asian Development Bank (ADB). The Nationalist-ruled island, an ADB

member under the name "China-Taipei," will be invited to attend the annual meeting like other member-nations of the bank, she said. "We have expressed on different occasions our warm welcome to the delegation from Taiwan," she added.

Mainland China joined the ADB in 1986, a diplomatic coup that forced Taiwan, a founding member of the bank, to change its membership name from the Republic of China to China-Taipei.

Taiwan took part in last April's ADB meeting in Manila alongside China. Its participation in Beijing would be a dramatic change in its policy, analysts said, as the Nationalist government has refused all official contact with the communist mainland since it retreated to Taiwan in 1949.

**Experts Hold Daya Bay Advisory Posts**  
*HK1506073188 Hong Kong SOUTH CHINA*  
*MORNING POST in English 15 Jun 88 p 2*

[By Andy Ho]

[Text] At least three Taiwanese atomic energy experts held top advisory posts in the Daya Bay nuclear power project, a visiting Taiwan politician said yesterday.

Mr Tsai Jen-chien, a member of Taiwan's Hsin Chu City Council, said environmental groups in Taiwan had identified three former employees of Taipower Corporation who were connected with the Daya Bay project.

Mr Tsai named the three as Mr Su Pi-chi, former Taiwan Second Nuclear Power Plant general manager, Mr Lin Shen-hung, former design manager of the plant, and Mr Liu Pi-jun, former head of the Taipower Corporation's atomic power division.

Mr Tsai said Mr Su was with the American Bechtel group, which is now the design consultant for both the Daya Bay project and Taiwan's Second, Third and Fourth Nuclear Power Plants.

The developer of the \$28.8 billion Sino-Hong Kong Daya Bay investment—Guangdong Nuclear Power Joint Venture Company—yesterday could not confirm whether the three, or any other Taiwanese personnel, were on its staff list.

"According to official Atomic Energy Commission records, there was almost an accident a day at the Taiwan Second Nuclear Power Plant station in 1987 alone," he said. The more serious incidents ranged from loss of water coolant at the reactor core to uncontrolled release of radioactive waste water.

He said the Chinese officials were eager to lure Taiwanese experts to work for the Daya Bay scheme because there was no language barrier.

"By employing them, China can also promote its unification drive with Taiwan."

Mr Tsai, who is head of the Hsin Chu City Environmental Protection Association, was one of 16 overseas participants at a five-day international anti-nuclear conference which ended here three days ago.

Hsin Chu is a major centre for Taiwanese environmental activists. With a population of 300,000, it is only about 70 km from Taipei. There are three operating research reactors in the city.

The Taiwan nuclear authorities recently bowed to public pressure and shelved plans for a fourth nuclear station, even though site formation work for the plant had been completed.

**Premier Yu Reaffirms Anticommunist Policy**  
*OW1506044288 Taipei CNA in English 0240 GMT 15 Jun 88*

[Text] Taipei, June 15 (CNA) — The Republic of China's [ROC's] fundamental anti-communist policy will remain unchanged if the Peiping regime continues to practice communism and does not abandon its military threat to the ROC, Premier Yu Kuo-hua said Tuesday.

The ROC's influence deriving from its successful economic development has caused a great impact on the Peiping regime, Yu pointed out while receiving Dr Bruce K. MacLaury, president of the Brookings Institution in Washington, D.C., Tuesday. The U.S. scholar is in Taipei for a three-day visit.

Yu noted that in a nation which was divided because of communist rebellion, people living in the part of the nation under a democratic system have enjoyed a much better life than those living in the other part controlled by the communists. This fully proves that communism has already been bankrupted.

The premier also spoke of the ROC's efforts to reduce its trade surplus with the United States. Pointing out the big increase in U.S. exports to the ROC, he said the trade surplus has decreased some 50 percent so far this year as compared with the same period of 1987.

Asked by Dr MacLaury about the ROC's agricultural policy, Yu replied that every country in the world has adopted some measures to protect its farmers since the income of farmers is generally lower than that of other occupational groups. The ROC will further promote its agricultural development, he said.

**Limited Nature of Mainland Contacts Stressed**  
*OW1506031088 Taipei International Service in English 0200 GMT 14 Jun 88*

[Station commentary "Guidelines for Mainland Policy Unveiled"]

[Text] In a roundtable discussion with scholars at the Fletcher School of Diplomacy in Boston, the Republic of China's [ROC's] Government spokesman Shaw Yu-ming, who attended the school back in his student days, outlined the guidelines Taipei follows in its people-to-people ties, on a one-way basis, with the Chinese mainland. Shaw explained the motivations behind this opening as well as the constraints on expansion of the policy that Taipei must face.

In his remarks, Shaw said that the opening to the mainland was born of self-confidence in the strengths of our political and economic systems on Taiwan, and that the newfangled mainland policy was part of a broader process of social, economic, and political liberalization now sweeping across Taiwan.

Shaw described public reaction to the opening to the mainland as a kind of mainland fever, similar to that which swept the United States in the seventies when Washington and Peking moved to break their 3-decade-old isolation from each other. But, Shaw said the American version of mainland fever was based on a curiosity of things Chinese, while Taipei's is based on a new confidence in dealing with the mainland.

Shaw spent a good deal of his remarks on the issue of trade with the communist-controlled China mainland. Trade is conducted only through indirect channels, such as through Hong Kong. Shaw outlined the reasons why Taipei would not be willing to expand the trade to include direct ties across the Taiwan Strait.

For starters, Shaw told the American scholars that Taipei wants to avoid becoming overreliant on the mainland market for two reasons: First, Taiwan is currently mid-stream in a make-it-or-break-it effort to upgrade its economy from labor intensiveness to hi-tech and capital intensiveness. Getting too reliant on the low-end consumer goods market that the mainland has to offer would only serve to set back this effort. Second, Shaw asserted that there are great risks involved for Taiwan manufacturers if they become too reliant on mainland orders. He recalled one bad-news case in which a Taiwan scooter company put all its eggs in the mainland basket only to have the order canceled. The scooter company folded as a result. He likened the risks to becoming hostage to the mainland market.

In addition, Shaw said that a premature move on Taipei's part to establish a direct trade link with the mainland may give people at home and abroad the wrong impression about Taipei's ultimate intentions toward the mainland. He said it would be impolitic to take



measures which might make people think that Taipei is interested in establishing official ties with the mainland when it is far from being the case. He said it was important for the ROC Government not to arouse such suspicion at home and that the opening to the mainland must be very gradual with no sudden surprises or shocks.

Finally, Shaw asserted that Taiwan does not need to take the risky road of trading with the mainland, while it still has excellent potential with traditional trade partners with which it has affiliative systems and ideals. The mainland is too irregular and too unpredictable, Shaw said. Shaw ended his remarks by saying that Taipei's ultimate goal is to pull the mainland toward Taiwan through example and spread of influence through one-way people-to-people contacts.

**Scholar Reviews Military Rivalry With Mainland**  
*OW1506052288 Taipei CNA in English 0249 GMT*  
*15 Jun 88*

[Text] Taipei, June 15 (CNA) — The continued harassment of the Republic of China's [ROC] coastal waters by Chinese communist fishing boats fully demonstrates that the Chinese communists have not abandoned their attempts to invade Taiwan by force, a Chinese professor residing in the United States said in Taipei Tuesday.

Speaking at a symposium on Dr Sun Yat-sen's thought and the contemporary world, which opened here Monday, Chen Yu-ching recalled that at the beginning of the Korean war, the Chinese communists had used a large number of fishing boats to harass U.S. military forces. The U.S. Seventh Fleet then had difficulties in sinking the fishing boats. This historical precedent exposes the purpose of the continued communist harassment of ROC coastal waters, he said.

Chen asserted that the Chinese communists will surely take military action to invade Taiwan once their military forces become stronger. He stressed that the ROC and the Chinese communists cannot coexist peacefully and that the military rivalry will continue.

He pointed out that the only way to solve the "China problem" is to unify China under the three principles of the people.

**East Europe Trade Expected To Rise 80 Percent**  
*OW1506052388 Taipei CNA in English 0311 GMT*  
*15 Jun 88*

[Text] Taipei, June 15 (CNA) — Republic of China [ROC] foreign trade with East Europe is expected to reach U.S. \$400 million in 1988, an 80-percent increase over 1987, the Board of Foreign Trade indicated Tuesday.

Since the government opened direct trade with East Europe, trade has grown steadily, reaching U.S. \$105 million during the first four months of 1988.

The ROC suffered a four-month trade deficit of U.S. \$56 million with the region, exporting U.S. \$24 million in goods and importing U.S. \$80 million.

Main imports from East Europe were industrial materials and products, with petrochemicals up 52 percent from last year; exports were largely electronics, knitted garments and plastics.

Four-month indirect trade with the Soviet Union rose to U.S. \$5.23 million, a 92.6-percent increase over 1987.

**Swaziland Foreign Minister Decorated**  
*OW1506012688 Taipei CNA in English 1636 GMT*  
*14 Jun 88*

[Text] Taipei, June 14 (CNA) — Foreign Minister Ting Mou-shih, on behalf of the Government of the Republic of China, Tuesday conferred the Order of Brilliant Star with Grand Cordon on Swazi foreign minister, Sir George M. Mamba, in recognition of his outstanding contribution to the promotion of friendly relations between the ROC and Swaziland.

The decoration was held in a ceremony at the Foreign Ministry's auditorium Tuesday evening. Witnesses included Minister Without Portfolio Hsiao Tien-tsan, Vice Foreign Ministers Stephen F. Wang and John H. Chang, and some members of the foreign diplomatic corps in Taipei.

Foreign Minister Ting then hosted a dinner party to entertain all the dignitaries after the ceremony.

Sir George M. Mamba arrived in Taipei Tuesday morning for an eight-day visit. While here, he will call on Premier Yu Kuo-hua and other ranking government officials. On behalf of the Swazi Government, Mamba will sign an extradition treaty with the ROC Government before his departure June 21.

**Executive Yuan Ministries To Increase**  
*OW1506043888 Taipei CNA in English 0244 GMT*  
*15 Jun 88*

[Text] Taipei, June 15 (CNA) — The Executive Yuan (cabinet) of the Republic of China [ROC] will be expanded to comprise 12 ministries and two commissions, Vice Premier Lien Chan announced Tuesday.

There are currently eight ministries and two commissions under the Executive Yuan.

Lien made the announcement after the ad hoc committee in charge of revising the organic law of the Executive Yuan met Tuesday to approve the 20-article draft which is expected to be forwarded to the Legislative Yuan for deliberation before the next legislative session opens.



The vice premier told the press that the aim of the revision is to enable the cabinet to meet the ROC's needs for both political development and social welfare until the turn of the century.

The most prominent feature of the draft revision is the addition of ministries of welfare, culture, agriculture, and labor to the present organization; the change of the Ministry of Economic Affairs into the Ministry of Industry and Commerce, and the incorporation of the National Youth Commission into the Ministry of Education.

The basic goal of the draft, Lien said, is to avoid over expansion of the Executive Yuan while strengthening the efficient functioning of the government.

The ad hoc committee also suggested that the titles of the Directorate General of Budget, Accounting and Statistics, the Central Personnel Administration, and the Government Information Office be changed.

Although an appeal for the establishment of a sports ministry was not adopted, the committee suggested that the Physical Education Department of the Education Ministry be upgraded to either a "national sports commission" or a "physical education administration."

The ad hoc committee, headed by Vice Premier Lien, was organized in August 1987 at the instruction of Premier Yu Kuo-hua.

## Hong Kong

### Joint Liaison Group To Open Offices in July OW1406112388 Beijing XINHUA in English 0930 GMT 14 Jun 88

[Text] Beijing, June 14 (XINHUA) — The Chinese and British Governments will each open an office of Sino-British Joint Liaison Group in Hong Kong on 1 July 1988, according to a public statement made by the Chinese Foreign Ministry this afternoon.

The statement says, "In accordance with the provisions of Annex II to the Sino-British Joint Declaration on the Question of Hong Kong that 'from 1 July 1988 the Joint Liaison Group shall have its principal base in Hong Kong,' the Chinese and British Governments will each open an office in Hong Kong on that date."

"The offices will be formally designated 'Office of the Chinese/British Senior Representative, Sino-British Joint Liaison Group,' and will be the permanent offices of the two sides of the Joint Liaison Group," it says.

"The two senior representatives will meet in Hong Kong on 1 July to mark the establishment and opening of their respective offices," the statement concludes.

## Macao

### Director Ji Pengfei Winds Up Official Visit

#### On Drafting Basic Law OW1506013288 Beijing XINHUA in English 0045 GMT 15 Jun 88

[Text] Macao, June 15 (XINHUA) — Portuguese who were born and grow up in Macao are part of local residents, and shall have their representatives in the drafting committee of Macao's Basic Law, Ji Pengfei told local reporters here yesterday.

Ji, director of the Hong Kong and Macao Affairs Office under the State Council, said this during an interview with the LUSA NEWS AGENCY of Portugal.

While selecting drafters of the Basic Law for Macao, he said, the special characteristics of Macao and representation of different social sectors will be taken into full consideration.

Ji also said the drafting work will start soon. "We will codify into legal terms the policies of the Chinese Government stated in the Sino-Portuguese Joint declaration," he said.

Many people in Macao also suggest to set up a Basic Law Consultative Committee to select public opinions as it has been done in Hong Kong. "I think this idea is adoptable," Ji said.

If the consultative committee is really established in the future, it will undoubtedly accept representatives of the Portuguese either born or residing in Macao, who will have the opportunity to play their positive role in the committee, he said.

When asked about the Chinese mainland's economic relations with Hong Kong, Macao and other neighboring regions, Ji Pengfei said that China is practising more reforms and opening policies, as well as export-led economy in the coastal areas to push forward the modernization program of the whole country.

These practices will provide forceful support for the stability, prosperity and progress of Hong Kong and Macao. In return, he said, the continuous prosperity and development of Hong Kong and Macao will surely play a greater role for the construction of the mainland, especially the nearby areas.

Ji gave a return banquet here yesterday evening, ending his three-day visit to the region. He and his party are expected to leave Macao this morning.

### Departs for Zhuhai

HK1506051088 Hong Kong XINHUA in English  
0503 GMT 15 Jun 88

[Text] Macao, June 15 (XINHUA)—Ji Pengfei, director of the Hong Kong and Macao Office under the State Council, and his wife Xu Hanbing concluded their three-day visit here with a group of Chinese officials and left this morning for south China's Zhuhai City.

Ji Pengfei arrived in Macao on June 12 at the invitation of Macao Governor Carlos Melancia.

During the visit, he had talks with the governor, met representatives of various circles, toured a factory, the University of East Asia and sites of historical interests on Macao Peninsula. They also visited the sites where an airport and a deep-water wharf are to be built.

Ji stressed repeatedly during his stay here that China will further improve the relationship of friendly cooperation with Portugal and sincerely implement the Sino-Portuguese Joint Declaration on the question of Macao so as to lead to a smooth transfer of sovereignty in 1999.

Governor Carlos Melancia, director of the XINHUA NEWS AGENCY Macao Branch Zhou Ding, and other local officials and noted figures saw the guests off at the barrier gate bordering Zhuhai.

**END OF**

**FICHE**

**DATE FILMED**

20 June 1988



